

TO Bill
From Terry
for comments & corrections

BOIIN|IR-01

Outline of Facts Regarding Justice Contracts

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Indeed, according to the GAO report this contract may well be the major contract to fulfill similiar needs in all other parts of Justice in addition to the U.S. Attorney's offices.

In documents presented to GSA and Congress Justice has concealed the true intent of Project Eagle. When it suits Justice they have maintained that the intent of Eagle is office automation. Yet more than one half of the capacity and the need for COBOL and other features points out that the real purpose of the system is to replace the Prime minicomputer systems and serve as a host for case tracking software which currently is Promis.

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This is directly opposite what Mr. Colgate the IRM diredtor of Justice told Congress.

What does all of this mean. It may just be a case of dishonest procurement and some dishonesty by Justice employees. But some proven and some suspicious links to other events holds the distinct possibility that the entire Justice system is in danger of being subverted.

In the mid eighties a company called Hadron headed by Mr. Earl Brian made several attempts to acquire the Promis software from Inslaw by pruchase. Mr. Bill Hamilton and his wife refused to sell. Shortly after Justice refused to pay its bills to Inslaw under another contract and Inslaw was driven to Chapter 11. The judge in Bankruptcy Court then finally held that this was a deliberate action on the part of Justice.

Links between Mr. Brian and Mr. Ed Meese are well documented. Mr. Brian's banker is Herbert A. Allen Jr. of Allen & Co. This is well documented. A book by a Wall Street reporter David McClintick titled Indecent Exposure links the Allen Co. to Meyer Lansky, the late money man for the mob.

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So at this instant, Justice has awarded its biggest ever computer contract to a very small company in Fairfax, TiSoft, which is currently being offered for sale for $32 million in an offering memo which states that the total orders Justice expects to make to TiSoft exceed $800 million. Yet, the company is up for sale and has the potential for 5[illegible]% of its stock to be bought by people who are not known or approved by Justice.

This for a company supplying key computer systems to Justice for which Justice has no security plan. Even if Justice had the best security plan in the world one tainted TiSoft maintenance man could subvert the entire system. If suspicions are true that the 54% is reserved for Mr. Earl Brian the entire Inslaw case has come full circle.

Now let's turn to phase II. TiSoft is being sued for breach of contract in Virginia by a Minneapolis firm Network Systems. Seems they were a sub on Project Eagle and got dumped. TiSoft bid Data General Eclipse systems which have proprietary operating systems. Now Justice is ~~secretly~~ secretly planning on replacing these systems with the new DG Aviion systems which are Unix operating system driven. This is a ~~grand~~ cardinal contract change which would certainly lose in court unless properly justified sole source and unless Justice obtains an amended GSA DPA. Even if the last two events happened a serious challenge in court would negate the upgrade in favor of a new contract. DG is hardly the leader in Unix systems being a new and as yet minor player in that arena. Firms like Sun, Digital, AT & T and a host of others are bigger, better known, have shipped far more systems etc.

It appears that TiSoft had to dump Network Systems to change networks because they and Justice had planned the change from the start. We are almost a year beyond award and no systems have yet been installed to the best of our knowledge. Going to a Unix system would require many changes.

The Inslaw case and the TiSoft Eagle case should be a cause for great concern within the U.S. government.

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BDIN/IR-02

DETAILED SUMMARY OF FACTS AND AUTHORITIES IN SUPPORT OF THE BASIC HYPOTHESIS

FEBRUARY 2, 1989

DETAILED SUMMARY OF FACTS AND AUTHORITIES IN SUPPORT OF THE BASIC HYPOTHESIS

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LEGEND:

"FF #" - Refers to the Finding of Fact number in the Findings of Fact and Conclusions of Law of United States Bankruptcy Court Judge George F. Bason, Jr. Dated January 25, 1988.

"BATES #" - Is the serial number applied by Dickstein, Shapiro and Morin or by McDermott, Will and Emery to account separately for each page obtained by INSLAW from DOJ; furnished by INSLAW to DOJ; or obtained by INSLAW from third parties persuant to discovery in the adversary proceeding entitled INSLAW vs. The United States Department of Justice, in the United States Bankruptcy Court for the District of Columbia.

BACKGROUND DATA
FOR USE IN
INVESTIGATION OF INSLAW CASE

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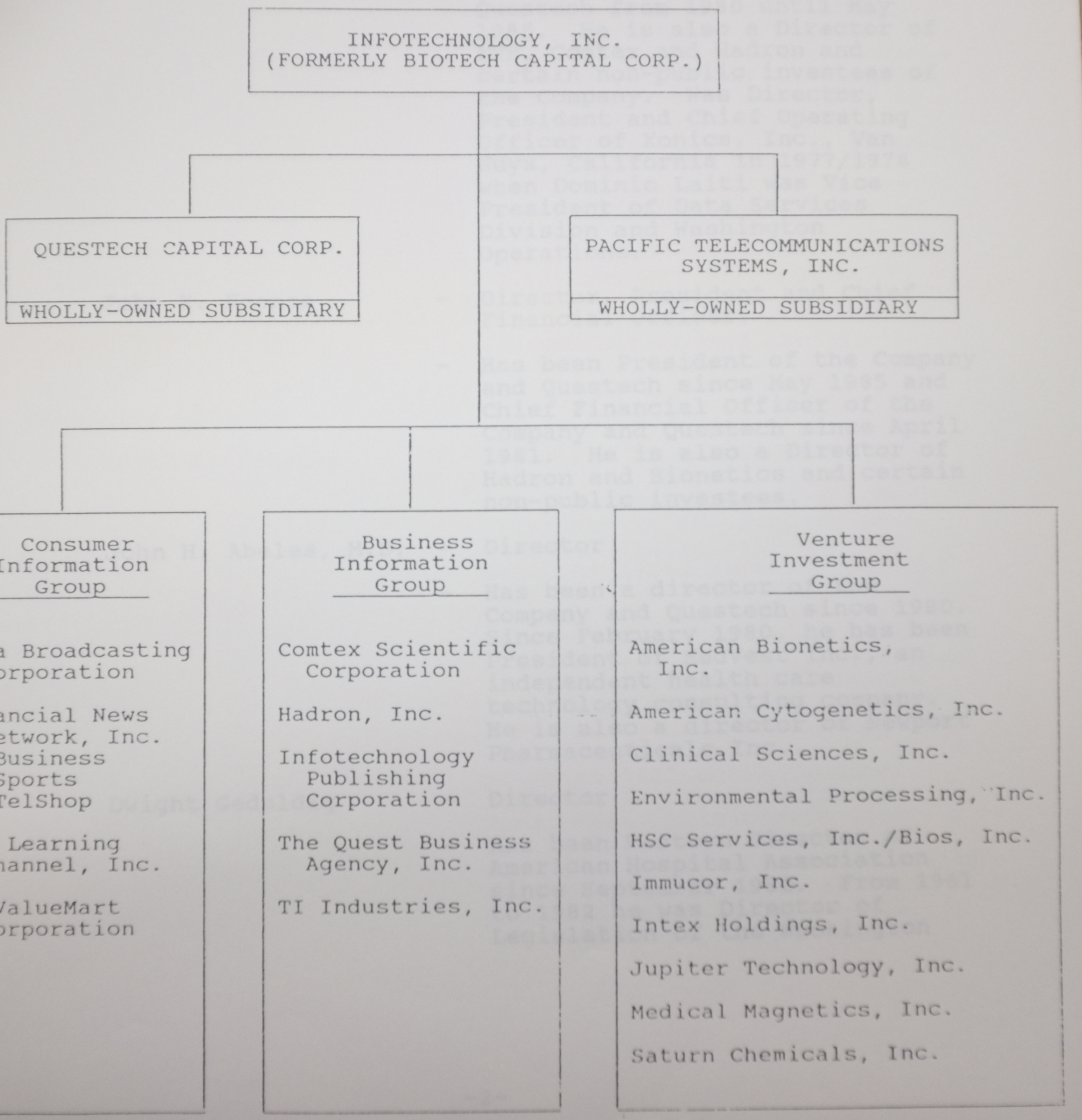
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.otechnology, Inc. (Formerly, Biotech Capital Corporation)

A. Listing of Ownership Interests

INFOTECHNOLOGY, INC.
LISTING OF OWNERSHIP INTERESTS
AS AT SEPTEMBER 30, 1987



Officers and Directors

Directors

Earl W. Brian, M.D. - Chairman of the Board of Directors.

- Has been Chairman of the Board of Directors and Chief Executive Officer of the Company and Questech since 1980. He was President of the Company and Questech from 1980 until May 1985. He is also a Director of FNN, Comtex and Hadron and certain non-public investees of the Company. Was Director, President and Chief Operating Officer of Xonics, Inc., Van Nuys, California in 1977/1978 when Dominic Laiti was Vice President of Data Services Division and Washington Operations.

John E. Koonce - Director, President and Chief Financial Officer.

- Has been President of the Company and Questech since May 1985 and Chief Financial Officer of the Company and Questech since April 1981. He is also a Director of Hadron and Bionetics and certain non-public investees.

John H. Abeles, M.D. - Director

- Has been a director of the Company and Questech since 1980. Since February 1980, he has been President of MedVest Inc., an independent health care technology consulting company. He is also a director of Newport Pharmaceuticals Inc.

Dwight Geduldig - Director

- Has been Western Director of American Hospital Association since September 1982. From 1981 to 1982 he was Director of Legislation of the Washington

Office of the American Hospital Association. He is a member of the minority professional U.S. Senate Committee on Labor and Human Resources.

Wallace O. Sellers - Director

- Has since March 1986 been the President and Chief Executive Officer and a director of Enhance Financial Services Inc. and Chairman of the Board and Chief Executive Officer of its wholly-owned subsidiary, Enhance Reinsurance Company. He served from June 1985 to June 1986 as Senior Vice President and Director of Strategic Development of Merrill Lynch & Co., Inc. From 1982 to June 1985 he was Vice President and Director of Diversification and Joint Ventures and from prior to 1980 to 1982 he was Director of Planning of Merrill Lynch & Co., Inc. He is also a director of FNN and Hadron and certain non-public investees.

Executive Officers

David L. Meister - Executive Vice President

- Was appointed Executive Vice President of the Company in December 1986. From July to December 1986, he was President of TV NET, a joint venture of the Tribune Co. and Viacom International. From January 1985 until June 1986, he was President of Megacom Telecommunications Inc., a company which provides services to cable operators in the pay-per-view industry. From prior to 1981 until December 1984, he has held various senior management positions in Time Inc.'s Video Group. He was President of Time Life Films from July 1983 until December 1984, and from prior to 1981 until December 1984, he was Senior

Vice-President of HBO. Mr. Meister is also a director of FNN.

Mark J. Estren - Executive Vice President

- Was appointed Executive Vice President of the Company in July 1987. From January 1985 to July 1987, he was Senior Vice President of Financial News Network, Inc. and during 1984 served as Senior Director of News and Programming of that organization. In 1981, Mr. Estren created "The Nightly Business Report," a national public television business news program, and acted as its Executive Producer from 1981 through 1984. Prior to 1981, Mr. Estren served as an editor for Knight-Ridder Newspapers in Philadelphia and Miami, and worked for the CBS and ABC Television networks in various production and management positions. Mr. Estren is also a director of Comtex and Hadron and certain non-public investees.

Constance F. Harrison - Vice President

- Was appointed Vice President of the Company in March 1987. Prior to that, Ms. Harrison had been associated with the Company since 1984. From 1982 to 1984 she was a research associate at New York University Hospital. Prior to that, she was employed by Howard Hughes Medical Institute at Yale-New Haven Hospital as research analyst in immunogenetics. Ms. Harrison is also a director of certain non-public investees.

James L. Arnold - Secretary

- Was appointed Secretary of the Company in September 1987. Since April 1982, he has been Vice President and General Counsel of

Hadron, Inc. Since October 1985, he has been Secretary of FNN. Mr. Arnold is also a director of Comtex, Cytogentics, and Bionetics and certain non-public investees.

C. Major Stockholders of Infotechnology, Inc.

REPORTING PERSON		ROW	DATE	---SHARES/BONDS--- LATEST TRADE	CURRENT HOLDINGS
INFOTECHNOLOGY, INC	COM				
Brian Earl W	OD	D	6/83		542500
Brian Earl W	OD	I	6/82	-35000	400000
Carter Donald Charles	D	D	2/84	5000	67400
Harrison Constance F	O	D	3/87		7500
Koonce John E	O	D	12/86		10000
Lewis Carolyn C	O	I	4/82	1000	1000
Lewis Carolyn C Ms	O	D	2/87		36500
Maneano Allen J	D	D	5/85		5000
Maneano Allen J	D	I	5/85		2000
Merrill Lynch Technology Grou	B	D	10/86		160000
Merrill Lynch Technology Grou	B	I	10/86		900000
TOTAL DIRECT OWNERSHIP				5000	828900

Background Sources on Dr. Earl Brian

Robert Martin - Currently, a Deputy District Attorney in Los Angeles County. Was Secretary of Welfare in Governor Reagan's cabinet, second term 1970 - 1974. Knows Dr. Earl Brian as a person obsessed with making money in data processing and biotechnology.

Phone: (213) 533-3554 Office
(213) 375-4117 Home

Graeme Keeping - Former Chairman and President of publicly-traded Comtext, Inc. who was forced out by Dr. Earl Brian. Witnessed Brian threaten at board meeting to drive Archer Company, Retrieval Systems, into bankruptcy. Heard Brian boast of his close relationship with "Charlie Allen" of Allen and Company. Knows of questionable billing practices among companies controlled by Brian.

Phone: (203) 227-0241 Office

Jeff Entwistle - President of nearly-defunct Retrieval Systems of Chantilly, Virginia, Earl Brian took control of Comtext; foreclosed on full-text software package owned by Retrieval Systems and used as collateral for loan by Comtext to Tort-Link, a Comtext Retrieval Systems joint venture company.

Allan R. Tessler - Partner at Shea and Gould in charge of representation of Infotechnology, Inc., Dr. Earl Brian, and affiliated companies that retain Shea and Gould. Member of the Executive Committee of Shea and Gould. Tessler also heads International Financial Group.

Phone: (212) 827-3000 Shea & Gould

Address at:
International Financial Group
65 East 55th Street
26th Floor
New York, NY 10022

Charles Allen - Founder of Allen and Company, Wall Street Investment Bank that often invests with Earl Brian in companies Brian controls. Brian apparently boasts about his relationship with "Charlie Allen" and his ability to raise millions merely by telephoning Charlie. Herbert Allen, President of Allen and Company, is the son of Charlie Allen.

Phone: (212) 832-8000

Chester Paulson - This Portland, Oregon investment banker took Biotech Capital Corporation public for Earl Brian in January 1981 and has been closely identified with Brian for years. Very cloudy reputation in the securities industry.

Phone: (503) 243-6029

Mark Tessleman - Former officer of Allen and Company who liased with Dominic Laiti, Earl Brian and Paul Wormeli in 1983 about raising capital to remake Hadron into the leading law enforcement and court software vendor. Currently has his own company in Manhattan.

Phone: (212) 484-2091

Wahle

s Controlled by Infotechnology, Inc. and fficers, Directors and Major Stockholders - cial News Network, Inc.

Directors of Financial News Network, Inc. (FNN)

Earl W. Brian, M.D.	-	Chairman of the Board
Robert S. Berlind	-	Director
D. Ross Hamilton	-	Director
David Meister	-	Director
Edward F. Ryan	-	Director
Wallace O. Sellers	-	Director
Paul M. Steinle	-	Director
Frieda Wallison	-	Director
Michael Wellesley-Wesley	-	Director

B. Executive Officers of Financial News Network, Inc. (FNN)

Earl W. Brian, M.D.	-	Chief Executive Officer
John Berentson	-	Senior Vice President, Retail Enterprises
Elio Betty	-	Senior Vice President, General Manager, TelShop
C. Steven Bolen	-	Senior Vice President, Finance and Administration
Mark J. Estren	-	Senior Vice President, General Manager, Financial and Business News (Resigned July 1987)
Scott Hults	-	Senior Vice President, Sales
Arnie Rosenthal	-	Senior Vice President, General Manager, Score
Richard Stone	-	Senior Vice President, Distribution
Mike Wheeler	-	Senior Vice President, General Manager, FNN Business News
Ed Berenhaus	-	Vice President, Promotion
James K. Manasco	-	Vice President, Production
John R. Morse	-	Vice President, Research and Marketing
Christopher D. Taylor	-	Vice President, Affiliate Relations
James L. Arnold	-	Secretary and Corporate Counsel

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James K. Manasco	-	Vice President, Production
John R. Morse	-	Vice President, Research and Marketing
Christopher D. Taylor	-	Vice President, Affiliate Relations
James L. Arnold	-	Secretary and Corporate Counsel

...nancial News Network Inc. Major Stockholders

REPORTING PERSON	REL	OWN	DATE	---SHARES/BONDS--- LATEST TRADE	CURRENT HOLDINGS
FINANCIAL NEWS NETWORK INC.	COM				
Berlind Roger Stuart	D	D	10/85	25000	31000
Betty Elio	O	D	5/85	1000	11000
Biotech Capital Corp	B	D	8/87	53500	2209701
Biotech Capital Corp	B	I	9/87		641666
Buchser Rodney H	O	D	11/82	400	10800
Casciato Peter A	O	D	4/83		5000
Financial News Broadcasting C	B	D	1/84	-96000	1249700
Financial News Broadcasting C	B	I	10/83	-500000	184000
Hamilton Donald Ross	D	D	4/86	-12500	5915
Koonce John E	O	D	10/84		4000
Koonce John E	O	I	12/84	4000	16000
Manasco James	O	D	4/87		14575
Merrill Lynch Communications	AF	D	6/86	-186200	813800
Merrill Lynch Communications	AF	I	7/86		141666
Merrill Lynch Pierce Fenner S	B	D	10/83		141666
Merrill Lynch Pierce Fenner S	B	I	10/83	500000	500000
Pacific Telecom System Inc	B	D	3/86	-130000	120000
Paulson Chester Leon Frederic	D	D	4/86	-1463	1463
Paulson Chester Leon Frederic	D	X	1/86	-14611	13390
Potter Norman W	O	D	9/83		8750
Questech Capital Corp	B	D	8/82		641666
Roland William	O	D	4/83		5700
Ryan Edward Francis	D	D	4/86	-1000	1000
Steinle Paul	OD	D	6/85	-7500	7500
Tyler Karen	D	D	1/83		22000
Wellesley Michael I	D	I	1/86	-3500	3500
White Norman Cary	O	D	3/84		7500
Wiesen Jeremy L	OD	D	1/83		4000
TOTAL DIRECT OWNERSHIP				-354763	5316736

A. Officers Relevant to INSLAW Matters.

James L. Arnold - Vice President and General Counsel of Hadron since May 1982. From 1971 to 1982, Vice President and General Counsel of The National Legal Research Group, Inc. Director of American Cytogenetics, Inc., Comtex Scientific Corporation and American Bionetics, Inc.

Ronald E. Yokely - Vice President of the Company since March 1983. He founded Acumenics in 1978 and has served as its President and director since that time.

L. Kenneth Johnson - President and Chief Operating Officer from December 1, 1986 until approximately one year later. Vice President from April, 1985 to December 1, 1986, and General Manager of EISD from June 1984 to April 1987. From 1974 to June 1984, Vice President of Field Marketing for Planning Research Corporation (PRC).

Phone: (703) 556-1180

- Is currently employed at Planning Research Corporation (PRC) in McLean, Virginia. He had worked at PRC until about mid-1984 when he joined Hadron as the head of one of its divisions.

- Bob Schumate, who once was President of PRC's Public Sector Division, approached Ken Johnson in 1987 about selling Hadron to a British Company. The deal fell through after months of discussions with Dominic Laiti and Ken Johnson.

- Shumate says that Johnson resigned as President of Hadron because he was nervous about Earl Brian's influence on Hadron.

Gary A. Prince - President of Atlantic Contract Services, Inc. since 1986, Vice President of Hadron since April 1985, Chief Financial Officer and Corporate Controller of the Company since August 1980 and the Company's Secretary since July 1981.

Robert L. Richmond - Vice President since April 8, 1985 and President of Telecommunications Group since June 1984. From 1981 to June 1984, Senior Vice President of Telcom International, Inc. From 1972 to 1981, Director of Modulation Equipment and Local Distribution of M/A-COM DCC, Inc.

John Lamereux - Was Executive Vice President of Hadron in the 1983 - 1986 time-frame. He currently works for Commonwealth Telephone Company in Pennsylvania. His business number is 800-432-8052.

B. Directors

Dominic A. Laiti - Chief Executive Officer of the Company since November, 1978; President from 1978 to 1986; Chairman of the Board of the Company since March, 1981 when Dr. Earl Brian resigned as Chairman and temporarily (i.e., until January 1984) as Board member; Mr. Laiti also serves as a director of Maxxam Technologies, Inc. Formerly of Data Systems Division and of Washington Operations of Xonics, Inc., Van Nuys, California, in 1977-1978.

Dr. Earl W. Brian - Chairman of the Board of Infotechnology, Inc. ("Biotech") a publicly-held business development company, since January 1980. Dr. Brian also

		serves as Chairman of the Board of Financial News Network Inc. and as a director of Comtex Scientific Corporation. Formerly Director, President and Chief Operating Officer of Xonics, Inc., Van Nuys, California in 1977. Director during 1978-1979.
D. Ross Hamilton	-	Mr. Hamilton is President and sole shareholder of Leeds Securities, Inc., a NASD member broker dealer firm. He has since 1981, been the President and Director of Hamilton Research, Inc., a financial consulting and investment firm of which he is the founder and principal stockholder. He also devotes part of his time as an account executive with Pace Securities, Inc., member of the New York Stock Exchange. Mr. Hamilton also serves as an independent consultant to Biotech Capital Corporation since 1981 and is a director of Financial News Network, Inc., American Bionetics, Inc. and Clinical Sciences, Inc.
John E. Koonce	-	President of Infotechnology, Inc. Corporation from May 1985 to present; Chief Financial Officer of Biotech from April 1981 to present.
Wallace O. Sellers	-	President and Chief Executive Officer and Director of Enhance Financial Services, Inc. and Chairman of the Board and Chief Executive Officer of Enhance Reinsurance Company since 1986. He served from June 1985 to June 1986 as Senior Vice President and Director of Strategic Development of Merrill Lynch & Co. He joined Merrill Lynch in 1951. From 1979 to 1982 he was Director of Planning. In 1982 he became Vice President and Director of Diversified and Joint Ventures until June 1985. Mr. Sellers serves as a director of Financial News Network Inc. and Biotech Capital Corporation.

REPORTING PERSON	REL	OWN	DATE	---SHARES/BONDS--- LATEST TRADE	CURRENT HOLDINGS
HADRON, INC	COM				
Arnold James L	O	I	10/87		14655
Brian Earl W	D	I	1/84		383125
Hamilton Donald Ross	D	D	6/86	22000	27000
Koonce John E	D	D	12/86	5000	15000
Laiti Dominic Aldo	OD	D	10/83	50000	185000
Laiti Dominic Aldo	OD	I	10/83		40000
Manzano Allen J	D	D	1/85		5000
Markin David	D	D	6/84		9000
Prince Gary A	O	D	10/85	5000	5000
Schlig Joseph	D	D	3/84	500	13000
Simon Borah S	O	D	5/83		198000
White William	O	D	7/82	-5000	10900
Winston David A	D	D	6/84		5000
Yokely Ronald Eugene	O	D	5/83		229000
TOTAL DIRECT OWNERSHIP				77500	701900

...l on Two Law Related Hadron Subsidiaries.

Simcon, Inc., a police software company purchased by Hadron in late 1982.

Paul Wormeli

- Vice President of Simcon, Inc. at the time of its acquisition by Hadron, Inc. in late 1982 until mid-1984. Currently, President of Vision Technology in Reston, Virginia.

  Phone: (703) 689-0001 Office

- Remembers talking with Dominic Laiti in 1983 about INSLAW and inferring that Laiti's questions related to possible Hadron, Inc. acquisition.

- Remembers accompanying Laiti to New York City in September 1983 to meet with Earl Brian and pay calls on investment banks and venture capital firms to raise capital to make Hadron, Inc. into a law enforcement and court software vendor. Remembers calling on Allen and Company, Wall Street Investment Bank, with Laiti in September 1983 and talking with Vice President Mark Tessleman.

Marilyn Titus

- Was secretary to Paul Wormeli at Simcon both before and after its acquisition by Hadron. After Wormeli left Hadron/Simcon in mid-1984, she stayed at Hadron but worked for James L. Arnold, Hadron General Counsel.

- She is currently employed at a company other than Hadron whose name we do not know.

- Her home telephone number is (301) 340-2814.

- She remembers that Earl Brian, Dominic Laiti and Paul Wormeli went to New York City in September 1983 to raise capital to buy court software.

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Robert Burke - Currently Director of Security for Monsanto Chemical Company in St. Louis, Missouri. Former Deputy Director of U.S. Secret Service. Was President of Hadron/Simcon in 1984 - 1985. Wormeli telephoned Burke in approximately April, 1988 for information to help INSLAW. Wormeli says Burke does not know anything about a possible Hadron effort to acquire INSLAW but that Burke told Wormeli that what Hamilton says Laiti told Hamilton "sounds just like Laiti".

- Mr. Burke's Monsanto office number is (314) 694-1000.

Donald Stromberg - Was President of Simcon when Hadron bought Simcon in late 1982. Is currently in Bethesda, Maryland.

Phone: (301) 229-2266 Home

B. <u>Acumenics</u>

Bud Simon - Was a vice president and major stockholder when Acumenics was purchased by Hadron in March 1983. Stayed on as an officer in Hadron/Acumenics until sometime in 1984. Currently is a disgruntled large Hadron stockholder and co-owner with Pete Kominskey of an executive search company, called The Consortium in Bethesda, Maryland.

Phone: (301) 986-1412 Home

Jerry Padget - Worked for Acumenics before it was acquired by Hadron in March 1983 and after it was acquired until about 1985. Hadron filed a lawsuit against him when he left, accusing him of stealing clients. He allegedly confronted Hadron at that point with evidence that Hadron/Acumenics had obtained 8A Minority Set Aside Contracts by

falsely stating that Acumenics was still eligible for such awards. Hadron allegedly dropped the lawsuit in exchange for Padget keeping quiet.

- He is currently working for Computer-Based Systems, Inc.

- His business number in Falls Church, Virginia is (703) 849-8080.

Pete Kominskey

- He is Bud Simon's partner in The Consortium. He observed Dr. Earl Brian and Bernie Katz at the Waldorf Hotel in New York during the road show for the initial public offering of Xonics and was startled by the fact that Brian and Katz were openly discussing what appeared to him to constitute securities fraud.

stems and Computer Technology, Inc.

A. Background

SCT sells multi-year computer facility management services and financial accounting software products to two markets: state and local governments, and institutions of higher education.

SCT raised $31 Million in an initial public offering in November, 1982.

In approximately late 1984, SCT's public accountants disclosed that SCT management had systematically overstated revenues and profits in advance of the initial public offering. The SCT Board fired the SCT President and the SCT Chief Financial Officer; and disgruntled stockholders brought a class action lawsuit.

In early 1985, the SCT Board hired Michael Emmi, Vice President for Sales of GEISCO (General Electric Information Services Company) in Rockville, Maryland as the new SCT CEO.

Emmi decided to attempt to reignite SCT's stalled engines by investing its large horde of public offering cash in several new ventures, including state and local law enforcement and courts software and services.

In August 1985, a delegation of SCT officials, led by then SCT Vice President for Sales, Gary Provo, visited INSLAW to discuss cooperative business ventures ranging from a joint venture to a minority investment to an outright acquisition of INSLAW.

In September 1985, Hamilton visited SCT for a continuation of these discussions with Mike Emmi, Mike Searcy (SCT Vice President in charge of the new ventures) and others.

Beginning in October 1985, SCT sent Mike Simmons, then an Associate Vice President in charge of its nascent Law Systems Division in Phoenix, Arizona and Norm Keyt, the Principal Assistant District Attorney from Maricopa County, Arizona (who was then on a leave of absence from his government job and serving as Simmons' deputy) to do a due diligence investigation for SCT.

On December 18, 1985, SCT met with its Wall Street Investment Bank, L.F. Rothschild, Unterberg, Towbin and its outside counsel, to review a document prepared by SCT for justifying its planned acquisition of INSLAW, including by "hostile takeover" if necessary. The

document refers to communications between SCT officials and unnamed officials of the Department of Justice regarding INSLAW and to poor relations between INSLAW and the "Meese Justice Department".

In approximately January 1986, the SCT Board of Directors reviewed and approved the planned acquisition of INSLAW.

In February 1986, Mike Searcy, SCT Vice President in charge of new ventures and Mike Simmons, SCT Associate Vice President in charge of the Law Systems Division, visited INSLAW and outlined the terms of an approximately $4 million offer to purchase INSLAW.

In April 1986, SCT President Mike Emmi, Vice President Mike Searcy and Vice President for Marketing Jerry Young visited INSLAW to press their case for an outright acquisition of INSLAW.

Also in April 1986, AT&T "fired" Ken Rosen's law firm and replaced it with Dixon, Dixon and Minahan of Omaha, Nebraska, while apparently retaining at least temporarily Rosen's Washington co-counsel, Shea and Gould. Clifton Jessup of Dixon, Dixon and Minahan attended April 1986 meeting of Creditors Committee and almost succeeded in ending INSLAW's period of exclusivity. Committee eventually supported a 30 day extension as a compromise. These moves by AT&T may have been designed to facilitate planned SCT hostile takeover the following month.

In May 1986, SCT hired Washington bankruptcy counsel and secretly opened communications with Bruce Goldstein, counsel for INSLAW's Unsecured Creditors Committee, about a hostile acquisition of INSLAW.

In June 1986, SCT made a written offer of $3.6 million in cash to Unsecured Creditors Committee for acquisition of INSLAW. AT&T's outside counsel Clifton Jessup and its house counsel Bonny Peters attended the June 1986 Creditors Committee meeting and were apparently hostile to INSLAW. Bruce Goldstein, Counsel for Unsecured Creditors Committee, filed a pleading in U.S. Bankruptcy Court disparaging INSLAW's financial results and suggesting plans for forcing the sale of INSLAW to SCT.

In August 1986, INSLAW obtained Creditor Committee support for six month extension in exclusive time over the objections of Creditor Committee counsel Bruce Goldstein, and obtained six month extension from U.S. Bankruptcy Court. This effectively ended the SCT hostile takeover bid.

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B. Officers and Directors of SCT

Board of Directors

Michael J. Emmi*	-	Chairman of the Board, President and Chief Executive Officer
	-	SCT President who personally oversaw much of the SCT hostile takeover plans and worked closely with Mike Simmons. Former Vice President for Sales at GEISCO.
W. Michael Searcy	-	Senior Vice President, Information Resource Management
	-	SCT Vice President to whom Mike Simmons ostensibly reported. Is the only SCT officer to span the two SCT managements; i.e., pre-scandal and post-Michael Emmi. Often described by people like Stege and Provo as honest and ethical person.
Allen R. Freedman*^	-	President, AMEV Holdings, Inc., New York City (insurance-based financial services company)
Thomas I. Unterberg*^	-	Managing Director, Shearson Lehman Brothers, New York City (investment banking and securities brokerage firm)
Dr. Terrel H. Bell	-	Professor of Educational Administration, University of Utah

* Member of the Audit Committee
^ Member of the Compensation Committee

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* Member of the Audit Committee
^ Member of the Compensation Committee

Executive Officers

Michael J. Emmi	-	Chairman of the Board, President and Chief Executive Officer; Director
W. Michael Searcy	-	Senior Vice President, Information Resource Management; Director
Rodney L. Everhart	-	Vice President, Finance and Administration; Treasurer; Chief Financial Officer
Michael D. Chamberlain	-	Vice President, Software & Technology Services
Richard A. Blumenthal	-	Vice President, General Counsel and Secretary
	-	SCT Vice President and General Counsel brought in by Emmi. Involved heavily in INSLAW hostile takeover bid.

C. Other SCT Employees Relevant to the INSLAW Matter.

Harry Stege	-	Is the former Chief of Police of Tulsa, Oklahoma and a lawyer. He joined the SCT Law Systems Division in Phoenix to head the law enforcement part of the division, but left SCT in 1986 or 1987. He currently lives in Santa Fe, New Mexico.

Stege said some entity introduced SCT President Emmi to a member of the INSLAW's Creditors Committee and SCT then began receiving a regular flow of information from this member about INSLAW. He says Emmi also disparaged the INSLAW management to this member.

Stege thinks the law firm of Shea and Gould sounds like the name of the entity that introduced Emmi.

Phone: (505) 989-7195

Thomas Evans - Evans lives in the Milwaukee, Wisconsin area. While employed as an officer at Criminal Justice Benchmark Systems, Evans had a temporary office in the SCT Law Systems Division facility in Phoenix. Evans remembers seeing a manila folder marked "Shea and Gould" in the drawer of a desk he was using and that the folder contained documents that had been transmitted by FAX from SCT corporate headquarters to Phoenix. Does not know, however, if the documents related to INSLAW.

Phone: (414) 968-2678

Mike Simmons - Was SCT Associate Vice President in Charge of the Law Systems Division in Phoenix. SCT's In-house General Counsel Blumenthal told Chuck Work that SCT fired Simmons in the Fall of 1986 for "smoking pot". Simmons is a lawyer with a Masters in Business Administration. Currently works in Chicago as a practicing attorney and information systems consultant to law firms. Many ex-SCT employees warn that Simmons has no respect for the truth.

Phone: (312) 246-7227

Steve Edenbaum - Was Associate Vice President in charge of SCT's Federal Government New Venture in the 1985 - 1987 time frame until leaving SCT. That venture was apparently ended.

- Currently employed at Ultimate Software in East Hanover, New Jersey.

Phone: (201) 887-9222 Office

Dr. Joyce Bassett - Dr. Bassett is a dentist in Phoenix who was married to Mike Simmons while Simmons headed the SCT Law Systems Division in Phoenix. Simmons and Bassett are reportedly either divorced or getting divorced. Dr. Bassett, according to Kim Martin, the former Administrative Assistant to Simmons in Phoenix, would very likely know some of the information about SCT and the Department of Justice that we seek and Dr. Bassett, according to Kim Martin, is probably very disaffected with Simmons and might be willing to talk.

Phone: (602) 867-2898

Norm Keyt - Keyt is a Deputy District Attorney in the Maricopa County (Phoenix) District Attorney's Office. He was deputy to Simmons in the SCT Law Division in Phoenix in 1985 and 1986 while on a leave of absence from his job in this office. He is on the Board of Directors of the National District Attorneys Association (NDAA), one of the few non-elected local prosecuting attorneys on the Board. He knows Lowell Jensen from his NDAA work. Simmons said that Keyt is the SCT person who had the communications with unnamed officials of The Department of Justice about INSLAW in the fall of 1985.

Phone: (602) 262-1159

Kim Martin - Was Administrative Assistant to Simmons until May 1986. Professes strong dislike for Simmons.

Phone: (602) 971-8401

Tessie Konomus	-	Replaced Kim Martin as Administrative Assistant to Simmons in May 1986. Her husband, Paul Brinkman, also worked for Simmons while a law student. Tessie Konomos may be related to Simmons or Dr. Joyce Bassett. Phone: (602) 774-2123
Bob Radford	-	SCT state and local courts specialist in 1985 and 1986. Disgruntled former employee who says that SCT management "scripted" him and other SCT employees to say things to local government prospects of INSLAW that would undermine INSLAW's sales potential. Claims to have heard SCT President Emmi boast of his friends at DOJ and his ability through those friends "to manipulate" the INSLAW situation. Phone: (215) 985-1780 Office (215) 461-2933 Home
Ron Warfield	-	Is an ex-employee of BR Systems whose court software product was purchased by SCT in 1986. Warfield's company does installation and support for the package and contracts with SCT. He telephoned INSLAW's customer in Broward County, Florida (Ft. Lauderdale) on September 2, 1986 and told Ron Carlson that SCT's acquisition of INSLAW was virtually a "fait accompli" and that Broward would have to deal with SCT. Phone: (407) 644-7557 Vanguard Systems
Carol Baker	-	Was the Sales Manager for the SCT Law Systems Division in Phoenix under Simmons. Professes to dislike Simmons intensely, but not to know anything about INSLAW. Phone: (602) 866-3912

John Jones - Was a senior-level person in the SCT Phoenix office who professes not to know much about INSLAW.

Phone: (602) 582-5071

William F. Goodner - Is a retired Navy Lieutenant Commander now living in Henrietta, Oklahoma, who headed the software development team in the SCT Law Systems Division. Is a friend of Harry Stege and appears to be willing to cooperate with INSLAW.

Phone: (918) 652-8676

Joe Staszak - Was with SCT for many years as one of its foremost authorities on state and local government. Now employed elsewhere. This is his home telephone number. He appears to be willing to cooperate with INSLAW.

Phone: (215) 647-1022

Gary Provo - Was SCT Vice President for Sales in 1985-1986, then was later demoted and subsequently either quit or was fired. Headed the August 1985 SCT delegation that visited INSLAW. Has low regard for ethics of SCT President Emmi.

Phone: (201) 565-3889

Jerry Hall - Former general manager level employee of SCT. Organizational superior of Bob Radford. Currently employed at Shared Medical Systems.

Phone: (215) 296-6300

Jerry Young - Was SCT Vice President for Marketing. Was apparently demoted and/or fired by Emmi in 1986, shortly after accompanying Emmi and Searcy to the April 4, 1986 meeting in Washington with

		Bill and Nancy Hamilton during which Emmi began the full court press on INSLAW to sell out to SCT. Is apparently disaffected with Emmi. Appears however, to be a lightweight person. Phone: (215) 251-6981
Rodney L. Everhart	-	SCT Chief Financial Officer brought in by Emmi. SCT Privileged Document List indicates that he was heavily involved in INSLAW hostile takeover bid.
Sue Grimm	-	Was SCT's Director of Investor Relations until some time in 1986. Currently employed at T.S.I., Inc. in Whiteland Township, Pennsylvania, the firm headed by Fred Gross, the founder and former President of SCT. Phone: (215) 363-5300
Michael Horne	-	Was a long-time SCT Senior Accountant, financial manager. For a while, was close to SCT's new President Mike Emmi. Then was abruptly fired in March of 1986. Phone: (215) 358-1999 Office
Melrod, Redman and Gartlan	-	This Washington, D.C. law firm was retained by SCT in 1986 to assist in the hostile takeover bid. Daniel Sullivan and Daniel Litt were the lawyers in the firm who worked on the INSLAW/SCT matter.
Richard Crooks	-	Is the Allen and Company trader who bought the 7.8% position in SCT during the October 1986 - February 1987 time-frame. He told Sue Grimm that Allen and Company bought the stock for a third party that wished to take over SCT and, in fact, subsequently presented an offer to buy to SCT but the SCT Board of Directors rejected the offer.

Phone: (212) 832-8000
Allen and Company

Peggy O'Shea - Is the software industry researcher at Allen and Company who researched SCT. According to Sue Grimm, she and Richard Crooks visited SCT in 1987 in an attempt to talk with SCT President Michael Emmi but Emmi declined to see them and, instead had them see his Chief Financial Officer, Rod Everhart.

Phone: (212) 832-8000

D. Major Stockholders of SCT

FIVE PERCENT OWNERSHIP
(BASED ON SEC FILING 13G, 13D, 14D-1)
MARCH 31, 1988

SCT	DATE	(000'S) SHARES	% SHARES OUTSTANDING
Allen & Co., Inc. Et. Al.	5/26/87	1081	7.8
Freedman, Allen R. Et. Al	1/25/85	2362	17.1
Gross, Frederick A.	12/31/87	1728	12.5
IBM Retirement Plan	12/31/85	718	5.2
Wellington Mgmt/Thorndike	12/31/87	623	4.5

erce Clearing House, Inc. (CCH)

A. Officers Relevant to INSLAW Matters

Edward L.(Pete) Massie - Mr. Massie spearheaded the effort in 1984 to obtain CCH Board of Directors approval of the proposed INSLAW, Inc. contract with its large CCH advance payments, and personally did the final reference checks on INSLAW following the October 18, 1984 Board approval.

Address:
Edward L. Massie
Executive Vice President
Commerce Clearing House, Inc.
2700 Lake Cook Road
Riverwoods, IL 60015

Phone: (312) 940-4600

Howard F. Rebelitz - Mr. Rebelitz spearheaded the effort in 1984 to contract with INSLAW, Inc. to develop software for full text search of CCH publications.

Address:
Howard F. Rebelitz
Vice President For Systems
Commerce Clearing House, Inc.
521 Fifth Avenue, Ninth Floor
New York, New York

Phone: (212) 818-1730

Ann Hitching - Ms. Hitching worked closely with Mr. Rebelitz on the planning of the proposed INSLAW software project.

Address:
Ms. Ann Hitching
Commerce Clearing House, Inc.
521 Fifth Avenue, Ninth Floor
New York, New York

Phone: (212) 818-1730

Mr. James McNeill - Mr. McNeill was the President of a California based subsidiary of CCH in 1984 who headed the September 1984 due diligence team for CCH investigating INSLAW in connection with the proposed contract.

Address:
Mr. James McNeill
Vice President
Commerce Clearing House, Inc.
2700 Lake Cook Road
Riverwoods, IL 60013

Phone: (312) 940-4600

Mr. Richard Merrill - Mr. Merrill met briefly with INSLAW's then Vice President Page Basheer and supported the proposed contract with INSLAW.

Address:
Mr. Richard Merrill
President
Commerce Clearing House, Inc.
2700 Lake Cook Road
Riverwoods, IL 60013

Phone: (312) 940-4600

Mr. Thomas Conoscenti - He and Mr. Massie did a review of INSLAW's financials in August 1984, in a meeting with Bill Hamilton and Steve Clagett of INSLAW, Inc. at CCH headquarters in Chicago.

Address:
Mr. Thomas Conoscenti
Vice President and Controller
Commerce Clearing House, Inc.
2700 Lake Cook Road
Riverwoods, IL 60013

Phone: (312) 940-4600

Mr. James McNeill - Mr. McNeill was the President of a California based subsidiary of CCH in 1984 who headed the September 1984 due diligence team for CCH investigating INSLAW in connection with the proposed contract.

Address:
Mr. James McNeill
Vice President
Commerce Clearing House, Inc.
2700 Lake Cook Road
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Mr. Richard Merrill - Mr. Merrill met briefly with INSLAW's then Vice President Page Basheer and supported the proposed contract with INSLAW.

Address:
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Vice President and Controller
Commerce Clearing House, Inc.
2700 Lake Cook Road
Riverwoods, IL 60013

Phone: (312) 940-4600

S. Department of Justice

A. Edwin Meese

Meese and E. Bob Wallach attended the Boalt Law School together at the University of California at Berkeley; becoming life-long friends. Wallach went into private practice and Meese joined the Alameda County District Attorney's Office.

Beginning in the days when Earl Warren served as Alameda County District Attorney, that district attorney's office was the leader among local district attorney's offices in California and, in fact, for many years would send one of its deputy district attorney's to Sacramento as a full-time lobbyist for the California District Attorney's Association. (For example, former Reagan National Security Advisor William Clark held this lobbyist position at one time in his career.) Ed Meese served as the Sacramento lobbyist for some years and, based on this experience, the newly elected Governor Ronald Reagan appointed Meese as his legal affairs secretary in about 1967.

During the Berkely "free speech" movement, Legal Affairs Secretary Ed Meese coordinated with his former colleague, and friend, Alameda County District Attorney D. Lowell Jensen, in arresting and prosecuting hordes of protestors.

In 1970, at the start of the second term of Governor Reagan, a 30-year old physician, Dr. Earl Brian, became Secretary of Health in California. Over the course of the second term, Dr. Brian became a favorite of Governor Reagan who elevated him to Secretary of Health and Welfare and came to regard him as almost a foster son. Dr. Brian also became a close friend of Ed Meese. Earl Brian became fascinated with the business potential of data processing in the course of his contracting with Ross Perot of Electronic Data Systems to handle the California medicare and medicaid claims processing work.

In 1974, Earl Brian set out to make his fortune by using his medical background to work the emerging field of biotechnology, and using his new found love of data processing to work the fast-growing field of computer-based information systems.

Mr. and Mrs. Meese bought stock in Dr. Brian's Biotech Capital Corporation the month it went public, January 1981, which was also the first month of the Reagan Presidency. Biotech was organized as a business development company investing in biotechnology and information systems.

In March 1981, Earl Brian resigned as Chairman and Board Member of Hadron, Inc. a Northern Virginia Government contracting company specializing in information systems work. His Biotech Capital Corporation, however, aggressively continued to control the publicly traded Hadron, Inc. through control of four of the six seats on Hadron's Board.

In June 1981, the Small Business Administration waived its self-imposed moratorium on loan guarantees and gave the investment arm of Earl Brian's new publicly traded company an essential shot in the arm through a multimillion dollar loan guarantee.

In April 1983, Dominic Laiti, Chairman of Hadron, Inc., telephoned Hamilton to try to buy INSLAW boasting of Hadron's plans to become the dominant supplier of law enforcement and court software and its ability to get such business because of its high level ties to the Reagan Administration, and threatened Hamilton by saying, "We have ways to make you sell". Also in April 1983, Steve Trott, U.S. Attorney in Los Angeles and a protege of Lowell Jensen, who was about to be brought to Washington as Assistant Attorney General for the Criminal Division, tells a nationwide meeting of U.S. Attorneys, in Key West, Florida, that INSLAW is about to go into bankruptcy.

In May 1983, the Department launches the first of several "sham" contract disputes with INSLAW and begins withholding large amounts of money due INSLAW under the EOUSA contract.

In July 1983, a DOJ whistleblower warned the staff of Senator Max Bacus that Lowell Jensen and Ed Meese have a plan that when Meese becomes Attorney General they will install the PROMIS software in every litigation office of the Department of Justice and "give a sweetheart contract to their friends".

Edwin Meese was nominated on January 23, 1984 to become Attorney General.

In early February 1984, Senator Max Bacus had the General Accounting Office investigate the PROMIS contract between INSLAW and the Executive Office for U.S. Attorneys to look for evidence of a sweetheart relationship.

Independent Counsel Jacob Stein begins investigation of allegations about Ed Meese including allegations about undisclosed business relationships with his long-time friend Earl Brian.

In February 1985, INSLAW files for protection under Chapter 11 and Ed Meese is confirmed as Attorney General of the United States.

In September 1986, E. Bob Wallach told Leigh Ratiner, INSLAW's lead counsel in litigation brought against the U.S. Department of Justice for having driven INSLAW into bankruptcy, that Lowell Jensen had used very strong words with Ed Meese about INSLAW and "queered" Meese on INSLAW; and that you may think that Jensen has left the Department of Justice but he will always be involved in the INSLAW case; that the Department will never settle with INSLAW; and that INSLAW is in a fight for its corporate life.

B. D. Lowell Jensen

According to a confidential Senior DOJ career source, Jensen "engineered" INSLAW's problems right from the start, seeking to "get INSLAW out of the way and give the business to friends".

In approximately 1971, Alameda County District Attorney D. Lowell Jensen visits the U.S. Attorneys Office in Washington, D.C. to see the newly operational computer-based PROMIS case management system, developed with LEAA grant monies.

In 1973, the Institute for Law and Social Research (INSLAW) begins business operations and obtains an LEAA grant to assist in the nationwide diffusion of PROMIS to local district attorneys offices.

In 1974, Jensen completes the development of his DaLite case management software with LEAA grant monies and seeks to have it become the standard for local district attorneys offices in California.

Jensen leads an effort in 1974 to have the California District Attorneys Association become a non-profit corporation in order to be eligible for LEAA grant monies. Governor Ronald Reagan witnesses the signing of the incorporation papers in August 1974. Jensen urges the newly incorporated Association to sponsor the adoption of a DaLite-derived software package in all 58 California local district attorneys offices and charge annual license or use fees to generate monies for the Association's treasury.

Jensen's DaLite and INSLAW' PROMIS compete in 1974 for the prize of the 58 counties: The Los Angeles County District Attorneys Office with its 25 branch offices and 500 attorneys. Los Angeles County District Attorney Joseph Bush selects INSLAW's PROMIS software over the strong objections of Jensen.

In 1977, Jensen meets Hamilton at Los Angeles meeting of PROMIS User's Group, professes an interest in INSLAW's new generation of PROMIS, dubbed "mini-PROMIS," i.e., PROMIS for operation on mini-computers, but elects to develop his own second generation case management software instead of acquiring PROMIS.

In 1980, a Political Science PHD candidate, who had been attached to Jensen's Alameda County District Attorneys Office during the late 1970's for his PHD dissertation research, publishes a book, entitled Improving Prosecution which laments the fact that LEAA chose INSLAW's PROMIS software for nationwide diffusion in the 1970's instead of the DaLite case management software which the author believed was superior to PROMIS. Jensen adopted the author's views as his own in the course of his 1987 deposition by INSLAW.

In 1981, President Reagan, at Ed Meese's recommendation, appoints Jensen as Assistant Attorney General for the Criminal Division. During 1981, Jensen tried unsuccessfully to scuttle DOJ plans to install INSLAW's PROMIS software in the 20 largest U.S. Attorneys Offices.

In May 1983, Jensen is promoted to Associate Attorney General, Chairman of the PROMIS Oversight Committee and immediate organizational superior to the Executive Office of U.S. Attorneys.

In May, June and July, the Executive Office launches a series of sham contract disputes which serve as a pretext for witholding large amounts of monies owed INSLAW under the contract.

In February 1984, Jensen becomes Acting Deputy Attorney General in anticipation of the confirmation of Ed Meese as Attorney General. Jensen approves the termination for convenience of the word processing part of INSLAW"s contract with the EOUSA.

The Independent Counsel investigation of Ed Meese delays his confirmation as Attorney General to replace William French Smith. Smith brings Carol Dinkens back to the Department as Deputy Attorney General and Jensen reverts to his Associate position.

In February 1985, Jensen becomes Deputy Attorney General again.

In July 1986, Jensen is confirmed as U.S. District Court Judge for San Fransisco.

B.1 Sources Regarding DaLite, and Jensen and Meese's Relationship in the 1970's.

David D. Rowlands, Jr. - Currently Administrator of San Joaguin County, California. Was Administrative Assistant to Alameda County Administrator for Criminal Justice in 1974.

Phone: (209) 944-3211

John Lenzer - Currently employed at the Music Box in San Franscisco. Was Criminal Justice Planner for Alameda County, California in 1974.

Phone: (415) 428-0194

John Price - Was District Attorney of Sacramento in 1974. Currently, Chairman of California Lottery Commission.

Phone: (916) 324-2025

George Nicholson - Was Executive Director of California District Attorneys Association in 1974. Close friend of both Ed Meese and Lowell Jensen. Currently a Sacramento Municipal Judge.

Phone: (916) 440-5911

Steve White - Was Executive Director of California District Attorneys Association in late 1970's. Close friend of Meese. Currently in California Attorney General's Office.

Phone: (916) 445-9555

Judge Doug McKee - Currently Los Angeles County Superior Court Judge. Close observer of Governor Reagan's Administration in 1970's. No fan of Ed Meese or Lowell Jensen.

Phone: (213) 533-8868

Al Leddy - Was one of the 13 local district attorneys who served on the Board of California District Attorney's Association in 1974 and who signed the articles of incorporation on August 28, 1974, along with D. Lowell Jensen. Currently, Chairman of the California Bureau of Prisons.

Phone: (916) 332-6366

Larry Donohue - Was the PROMIS Systems Manager in Los Angeles County in 1974-1978 time-frame. Currently a Deputy District Attorney in that office. WHen he visited Alameda County in 1974 to evaluate the DaLite Software, Jensen took Donohue aside and warned him that his legal career in California might hurt if he failed to recommend DaLite for Los Angeles County.

Phone: (203) 603-7557

Bob Cushmans - Was President of American Justice Institute in Sacramento in 1970's and early 1980's Claims that ed Meese, while Counsellor to PResident, influenced the grants by DOJ's Office of Juvenile Justice and Delinquency Prevention (OJJDP) to help friends (George Nicholson and Pepperdine University) at the expense of others (American Justice Institute).

Bill Houk - Was a senior California State Assembly Democratic staff person on health and welfare at the time when Dr. Earl Brian was Secretary of HEalth and Welfare.

Phone: (916) 448-0840

Jed C. Clark - Currently President of Public Affairs, Inc. in Sacramento, California. Founder of California Journal. Very knowledgeable about California State Government in 1970's.

Phone: (916) 444-0840 Office

Bob Fairbanks - Former Los Angeles Times reporter on Sacramento State Government in 1974-1975 time-frame. Currently with California Journal.

Phone: (916) 444-2840

C. Arnold Burns

Arnold Burns was the founder and managing partner for the law firm of Burns, Summitt, Rovins and Feldesman of Manhattan.

Arnold Burns joined the Meese Administration in DOJ in late 1985 or early 1986 as Associate Attorney General (#3 position) succeeding D. Lowell Jensen who had been promoted to Deputy Attorney General. When Jensen was confirmed as a U.S. District Court Judge in San Francisco, in July 1986, Burns was promoted to Deputy Attorney General. Burns held that post until the Spring of 1988 when he and William Weld, Assistant Attorney General for the Criminal Division and a number of their aides, resigned in protest over Ed Meese continuing as Attorney General.

INSLAW filed for protection under Chapter 11 of the U.S. Bankruptcy Code on February 7, 1985. The very next day, Ken Rosen, a former associate in the Roseland, New Jersey law firm of Ravin, Sarasohn, filed a notice of appearance in the U.S. Bankruptcy Court in Washington on the INSLAW case on behalf of AT&T Information Systems. Rosen had been employed as an attorney in the U.S. Trustees Office for the Southern District of New York until 1982 when he left to become an associate in the law firm of Burns,

Summitt. Rosen stayed at Burns, Summitt until late 1984 or early 1985, leaving to join Ravin, Sarasohn shortly before the INSLAW bankruptcy on February 7, 1985.

According to Victor Abrunzo, Assistant U.S. Trustee in the Southern District of New York until some time in 1987, Arnold Burns recruited Ken Rosen for the job of representing AT&T in the INSLAW bankruptcy.

AT&T had never previously employed either Ken Rosen or Ravin, Sarasohn, and apparently has not employed either Rosen or Ravin, Sarasohn since discontinuing their employment in the INSLAW case in April 1986.

Burns made a written commitment to Senator Mathias and the Senate Judiciary Committee, as part of his hearings in July 1986 for confirmation as Deputy Attorney General, to take an urgent and independent look at the INSLAW case to see if, an early, amicable settlement was possible.

Burns met with INSLAW litigation counsel pursuant to this commitment on August 21, 1986. During the last week of August, Burns wrote to INSLAW's litigation counsel stating that the "fly in the ointment" for an early amicable settlement of the INSLAW claims was INSLAW's insistence on receiving licensing fees for the Department's use of the PROMIS software. At approximately the same date, DOJ amended the Project Eagle Request for Proposals to add the 94 U.S. Attorneys Offices and to make technical changes that DOJ initially denied but later admitted in Court were designed to provide DOJ the ability to run PROMIS on the Project Eagle computers.

In the Spring of 1988, Deputy Attorney General Burns and Assistant Attorney General William Weld (Criminal) resigned in protest over Ed Meese's continuation in office as Attorney General of the United States.

D. Steve Trott

Steve Trott was appointed U.S. Attorney for the Central District of California (Los Angeles) in 1981, having served as a Senior Deputy District Attorney in the Los Angeles County District Attorney's office for many years.

In the mid-1970's Los Angeles County District Attorney Joseph Bush dispatched Steve Trott to Sacramento as a full-time lobbyist for criminal law reform. One purpose of this may have been for the Los Angeles County District Attorney's Office, as the largest

local district Attorneys office in California, to wrest the leadership position in the state prosecutors association away from the Alemeda County District Attorney's Office which had historically supplied the Sacramento lobbying resource for California district attorneys.

In April 1983, Steve Trott apparently attended a national meeting of U.S. Attorneys in Key West, Florida and made remarks in front of all 94 U.S. Attorneys about an imminent bankruptcy of INSLAW, Inc.

In May 1983, Trott was selected to succeed Lowell Jensen as Assistant Attorney General for the Criminal Division in Washington.

In August 1983, INSLAW installed the PROMIS software on a Prime mini-computer in the U.S. Attorneys Office in Los Angeles. This was the first in-house installation of the PROMIS software under INSLAW's three-year PROMIS installation contract with the EOUSA. With this installation, DOJ had INSLAW's proprietary version of PROMIS fully adapted to the needs of the U.S. Attorneys.

In June 1986, Los Angeles Times reporter Bill Farr met with Steve Trott at DOJ to discuss matters relating to a Los Angeles Times cocaine investigation. Toward the end of the discussion of the cocaine matter, Farr, a long-time friend of Trott's, said he need to talk to Trott about the INSLAW matter and Lowell Jensen's role in the INSLAW matter. Trott replied: "I can't touch that with a ten-foot pole. Lowell Jensen is my mentor and he brought me to Washington. He has almost no ego [except in the INSLAW matter?]."

In approximately July 1986, Trott was promoted to Associate Attorney General, succeeding Arnold Burns who had been promoted to Deputy Attorney General to fill the vacancy created by Jensen's judgeship.

In September 1986, Bill Farr telephoned Trott to tell him that his editor wanted a comment, even if off the record, about Farr's plans to publish an article containing highly derogatory information about Lowell Jensen's role in the INSLAW bankruptcy. Trott told Farr to tell his editor off the record: "The allegations are not without merit."

In early 1988, Trott was confirmed as a federal appeals judge for the circuit headquartered in San Francisco. Trott moved his residence to Idaho.

Federal Bureau of Investigation

William A. Bayse (Al Bayse) - Immigration and Naturalization Service was in a crisis about its information systems in 1981. In July 1981, Bayse suggested to the Acting Commissioner of I.N.S. that the PROMIS software might provide a solution. At some point in time, Lowell Jensen began to rely heavily on Al Boyse for advise about information systems problems and plans DOJ-wise. Hamilton spoke to Bayse about possible FBI use of PROMIS in January 1983.

Address:

William A. Bayse
Assistant Director of Technical
Services Division
10th and Pennsylvania, NW
Washington, DC 20535

Phone: (202) 324-5350

Norm Christenson - Special Agent in Planning and Evaluation Section assigned the task of developing an investigative case management system for F.B.I. field offices. INSLAW had frequent communications with him in 1982 and 1983 about the possible adaptation of the PROMIS software for these purposes. In early 1983, INSLAW learned that the F.B.I. insisted that all F.B.I. applications, such as investigative case management, had to use Software A.G.'s ADABAS Data Base Management System software as the data base engine. INSLAW met with Software A.G. and sent Christenson a letter in June 1983 on how INSLAW could marry PROMIS to ADABAS, but the F.B.I. interest in PROMIS ended and the F.B.I. decided to develop its own COBOL case tracking application code from scratch.

Address:
Norm Christenson
Inspector
Deputy Assistant/Director
10th and Pennsylvania
Room 5835
Washington, DC 20535

Phone: (202) 324-2044

F. Immigration and Naturalization Service (I.N.S.)

Doris Meissner - As Acting Commissioner of I.N.S. considered PROMIS for several urgent nationwide I.N.S. case tracking applications in 1981 at suggestion of F.B.I. Assistant Director Al Bayse. Currently employed at the Carnegie Endowment.

Phone: (202) 797-6424

Alan C. Nelson - Administrator of I.N.S. beginning in late 1981. A friend of Meese and Jensen from Alameda County, California. Don Santarelli, Chuck Work and Bill Hamilton met with Alan Nelson in late 1981 or early 1982 about the possible uses of PROMIS in I.N.S. A logical conduit for any possible word from Main Justice (i.e., D. Lowell Jensen) not to use PROMIS. I.N.S. is one of the DOJ compoenents that plans to satisfy its computerization requirements by purchasing off the Project Eagle hardware/software award.

Phone: (202) 633-1900 Office

Perry Rivkind - As Special Assistant in Office of I.N.S. Commission in November 1981, liaised with INSLAW about possible applicability of PROMIS to urgent I.N.S. problems.

Address:
Mr. Perry Rivkind
District Director
7880 Biscayne Blvd.
Miami, FL 33138

Phone: (305) 536-4787

Dr. Harry Scarr - While employed in Office of Deputy Commissioner of I.N.S. in December 1981, liaised with INSLAW on possible applicability of PROMIS to I.N.S. Currently employed in Commerce Department.

Phone: (202) 377-2760

Stuart T. Davis, Jr.- In December 1981, liaised with INSLAW on possible applicability of PROMIS to I.N.S.

- Formerly member of President's Management Improvement Council.

Robert A. Kane - Phone: (703) 834-3095

- Beginning in October 1981 and continuing until about June 1983, worked closely with INSLAW on possible ways to use PROMIS in I.N.S. In an October 2, 1981 letter, Mr. Kane told Hamilton that I.N.S. was considering PROMIS for "case work tracking, court calendaring and booking support for our naturalization and deportation, and detention functions." When I.N.S. ultimately said they were not interested, Kane seemed to be embarrassed and apologized for having led INSLAW down the primrose path.

John Kratzke	-	A person loaned to I.N.S. from private industry who worked on an I.N.S. special study team that recommended the use of the PROMIS software.
	-	Was a member of the President's Management Improvement Council.
John W. Murray	-	In approximately June 1983, Murray was hired by I.N.S. and Kane was effectively demoted. Plans for using INSLAW and PROMIS appeared to end with Murray's arrival.
Robert Simpson, Ron Viereck, Ken Slone	-	Three General Accounting Office employees who did an analysis of the information systems problems of I.N.S. in Los Angeles and the applicability of the PROMIS software to these I.N.S. problems.

G. Criminal Division

Miles Matthews	-	Matthews was the Executive Officer of the Criminal Division under both Jensen and Trott and then became Deputy Associate Attorney General under Trott. Matthews is currently the controller of the U.S. Marshals Serivce. Matthews did the "fudging for Jensen" and received a "Special Incentive" Award from Jensen for his role. One of the three persons named by a confidential senior DOJ career source as persons who carried out Jensen's improper orders vis-a-vis INSLAW.
James Knapp	-	Jensen brought Knapp to Washington from California to become Deputy Assistant Attorney General in Criminal. He maintained that job when Trott succeeded Jensen as Assistant Attorney General for Criminal and then became Deputy Associate Attorney General when Trott became Associate Attorney

General. Knapp is currently Deputy Assistant Attorney General in the Tax Division for Criminal matters. Meese had selected Knapp to succeed William Weld as Assistant Attorney General for Criminal but Knapp withdrew his name from consideration because of a "personal legal problem". One of three persons named by a confidential senior DOJ career source as persons who carried out Jensen's improper orders vis-a-vis INSLAW.

John Keeney - Deputy Assistant Attorney General and Acting Head of the Criminal Division.

- According to a confidential DOJ career source Keeney apparently knows the whole story and would not lie under oath.

Mark Richard - Deputy Assistant Attorney General. According to a confidential DOJ career source, Richard apparently knows the whole story and would not lie under oath.

Jay Stephens - Currently, Acting U.S. Attorney for District of Columbia. Was top aide to Lowell Jensen in Criminal Division, Associate's Office and Deputy's Office. Failed to investigate Brewer's misconduct in 1985 whle Associate Deputy Attorney General.

Floyd R. Bankson - Director of Data Processing in Criminal Division. Attended meeting in January 1983 between INSLAW (Hamilton, Gizzarelli, Al Ash) and Criminal Division (Knapp, Miles Matthews, Bankson) about possible Criminal Division use of PROMIS. Hamilton had arranged the meeting by calling Lowell Jensen in December 1982. After the meeting, Bankson, a former

LEAA employee, told Al Ash, a former LEAA employee, that the EOUSA was negative about INSLAW and that this would kill the chances of installing PROMIS in Criminal Division.

Phone: (202) 690-1021 Home
(202) 786-4863 Office

Leslie H. Rowe - Long-term employee of EOUSA who Miles Matthews recruited to be his personnel manager in Criminal Division in about 1981.

Address:
Leslie H. Rowe
Main Justice Building
10th and Constitution Ave., NW
Room 2121
Washington, DC 20530

Phone: (202) 633-2641 Office
(703) 765-2849 Home

Charles Blau - Headed the Narcotics Section of Criminal Division until May 1983 and then became a Deputy Associate Attorney General under Lowell Jensen when Jensen was promoted to Associate Attorney General in May 1983. Blau is currently with the Dallas law firm of Davis, Meadows, Owens and Collier.

Home Address:
5943 Breshy Creek Trail
Dallas, TX

Phone: (214) 250-3232 Home
(214) 969-7066 Office

Judy Friedman - Former employee of EOUSA who reported directly to William Tyson. Allegedly has intense dislike for Tyson, McWhorter and Brewer. Currently serves in Criminal Division. When INSLAW deposed her in 1987, INSLAW obtained virtually nothing, even though INSLAW had been advised that she knows

something about Tyson's role in DOJ misconduct against INSLAW and has talked about it to several people.

Phone: (202) 633-5746

H. Civil Division

Phyllis A. Gardner - Said to be a close associate of Miles Matthews in formulating the plans for Project Eagle. She is currently the Director of Management Programs. Gardner had a lot to do with the development of the Civil Division's AMICUS System for integrated office automation (word processing, electronic mail, access to LEXIS, WESTLAW and JURIS, and electronic transmission of revisable legal documents). This office automation set of functions are part of the Project Eagle R.F.P.

Mary Ann Beck - Director of Office Administration.

- Was Deputy Director for Administration in Executive Office for U.S. Trustees prior to Pascuito being promoted to that job. Worked at LEAA during the 1970's and knew about INSLAW, Inc.

Address:
Mary Ann Beck
550-11th Street
Washington, DC 20530

Phone: (202) 724-6846

Joseph R. Lake - Management Analyst

- A data processing specialist in Civil Division who is allegedly disenchanted with Phyllis Gardner, AMICUS and Project Eagle.

Phone: (202) 724-7022 Office

Management Division

in Rooney - Assistant Attorney General for Administration until about August 1984. Currently lobbyist with Rooney and Barry.

Phone: (202) 628-7145 Office

Anthony Liotta - Assistant Attorney General for Administration from about August 1984 until about February 1985. Currently, Vice President and General Counsel of an environmental consulting firm in Reston, Virginia.

Phone: (703) 683-8522 Office

W. Lawrence Wallace - Assistant Attorney General for Administration from about February 1985 until about September 1986. When he left DOJ, an independent counsel was appointed to investigate him for allegedly failing to file personal income tax returns two years in a row. Eventually cleared of any criminal wrongdoing in that matter. In the Washington D.C. Office of the Philadelphia law firm of Drinker, Biddle and Reath.

Phone: (202) 426-7400

Robert Ford - Deputy Assistant Attorney General. A long-time senior career official in the Civil Division whom Larry Wallace brought to JMD. A champion of the Civil Division "AMICUS" system and critic of Brick Brewer.

Phone: (202) 633-5343

Janis Sposato - General Counsel of Justice Management Division who succeeded William Snyder in about August 1984. Chaired DOJ negotiations team for 1985 negotiations with INSLAW set up by Lowell Jensen.

Phone: (202) 633-3452

illiam J. Snider - Administrative Counsel of Justice Management Division until about August 1984. Currently employed in General Counsel's Office of the DOJ's Drug Enforcement Administration.

Phone: (202) 272-6435

William Van Stavoren - Principal Assistant Attorney General in Justice Management Division until sometime in 1985. Became an Associate to Attorney General D. Lowell Jensen in 1985. Subsequently retired from DOJ. According to Kevin Rooney, Van Stavoren does not like Jensen at all.

Phone: (703) 281-4879

Robert DeLauney - Contracting officer in Justice Management Division. According to Pascuito, a deeply religious Catholic who refused an assignment from the EOUSA in about 1984 because Brick Brewer was involved. Lives in Montgomery County, Maryland.

Phone: (202) 272-8452 Office
(301) 439-4345 Home

Elizabeth Rudd - Senior Contracting Offical. Kamal Rehal says she has a fabulous memory. May recall why G.A.O. team came in to DOJ in February 1984 in emergency investigation of INSLAW contract prompted by Senator Bacus.

Phone: (202) 272-8360 Office

Kamal Rehal - DOJ official who retired in about June 1986. Served as Director of Procurement Services until Fall of 1984 and then head of Finance Division.

Phone: (703) 281-4032 Home

- Director of Procurement Services. [On behalf of DOJ, Johnston had negotiated the time sharing billing algoritm that INSLAW used in the Executive Office contract. When the Executive Office repudiated this negotiated algorithm in May 1983,--one of the three major "sham" contract disputes-- Johnston kept quiet. In an August 1984 meeting at DOJ, Hamilton asked Johnston why he was not speaking up while the Executive Office and Peter Videnieks repudiated his negotiated agreement. Janis Sposato interrupted and advised Johnston that he did not have to answer the question. In July 1983, Johnston "misplaced" a newly published DOJ Audit report on INSLAW's overhead costs without giving a copy to INSLAW for comment. When INSLAW failed to submit written comments to the missing audit report, DOJ, in the Fall of 1983, used INSLAW's failure as a pretext to delay the award of new empirical research grants. Even after DOJ belatedly furnished a copy to INSLAW in the Fall of 1983 and INSLAW responded promptly in writing, Johnston would never schedule a meeting with INSLAW to negotiate the questions--the failure to negotiate the overhead questions is another one of the three sham contract disputes. In the fall of 1984, Johnston was promoted to DOJ's Director of Procurement Services. According to a confidential senior DOJ career source, Johnston is one of three persons who carried out Jensen's improper orders vis-a-vis INSLAW.]

Phone: (202) 272-8444 Office
(301) 424-0664 Home

W.L. "Larry" Vann - "Procurement Executive" for DOJ. According to Tony Pascuito, Vann approached him on the street near Main Justice in 1987 at the time of the public revelation that Pascuito had been an informant for INSLAW and that DOJ was seeking to fire Pascuito. Vann said that everybody in DOJ connected to the INSLAW contract could end up in jail. Vann is eligible for retirement. His position was created by DOJ in late 1984 or early 1985 as a replacement for the Contracts Review Committee.

Phone: (202) 272-8354 Office

Orfeo "Chuck" Trombetta, Jr. - Was the Deputy Chief of DOJ Security until sometime in 1986 or 1987. Was allegedly forced out of DOJ by his boss, the Director of Security, Jerry Rubin for unknown reasons. Trombetti allegedly found evidence of drug use and of DOJ officials engaged in homosexual behavior but after reporting the information found that DOJ took no action.

Address:
15800 Buenavista Dr.
Derwood, MD

Phone: (301) 977-3852 Home

John Lane - Was Deputy Assistant Attorney General for Information Technology until 1984 when he resigned to become an executive with Computer Science Corporation. Was in overall charge of Project Eagle.

Phone: (703) 471-3180 Office
Home

Terry Appenzellar - Former high ranking information technology official at DOJ who resigned in 1987 to go to work for Computer Science Corporation. She is employed at their offices located at 6565 Arlington Blvd., in Department 10, Division SG.

Phone: (703) 538-7261 Office
Home

George S. Vaveris - Former high ranking information technology official at DOJ who resigned in 1987 to go to work for Pergamon Brassey's International Defense Publishers, in McLean, Virginia as the Vice President Technical Services.

Phone: (703) 442-0900 Office
Home

James K. Dower - Former high-ranking DOJ information technology (telecommunications) official who resigned in 1987 to go to work for Pergamon Brassey's International Defense Publishers, in McLean, Virginia.

Phone: (703) 442-0900 Office
Home

Geraldine Schacht - Retired DOJ auditor who headed DOJ Audit teams on INSLAW.

Phone: (301) 350-7608

J. Executive Office for United States Attorneys

Bill Tyson - Ousted as Director of EOUSA in about February 1987 following harsh complaints from U.S. Attorneys about deteriorating service. Currently serves as Immigration and Naturalization Service Chief Administrative Law Judge in Tysons Corner. Allegedly is quite angry at his former deputy Larry McWhorter over Tyson's ouster.

Phone: (703) 756-6258

Nancy Smith - Long time Executive Assistant to Bill Tyson at Executive Office for U.S. Attorneys. Accompanied Tyson to his new job at I.N.S. Office.

Phone: (703) 756-3864

Ron Vincoli - Director of Personnel at EOUSA until February 1987. His poor service is alleged to have caused Tyson's ouster. Tyson took Vincoli with him to I.N.S.

Phone: (703) 756-3864

Francis X. Mallgrave- Employed in EOUSA for 17 years. Long time Assistant Director for budget. Forced out of DOJ by allegedly trumped upcharges.

- Currently at the Department of Energy.

Phone: (301) 942-8073 Home
(202) 586-8077 Office

Richard Kidwell - Was an Assistant Director of EOUSA until his retirement in 1986. Pascuito believes he knows about misconduct against INSLAW.

Phone: (301) 593-0149 Home

Morris A. Egre - Administrative Officer in U.S. Attorney's office in San Diego.

Phone: (619) 557-5628 office

Frank Hall - Administrative Officer in U.S. Attorneys Office in Tampa, Florida. According to Mallgrave, had a serious clash with McWhorter.

Phone: (813) 225-7300

Anita Perkins Barber- Currently Assistant to Frank Hall. Succeeded Ron Vincoli as EOUSA Personnel Director in 1987

Theresa Bertucci - Administrative Officer for EOUSA. Very knowledgeable about what actually happens in EOUSA.

Marilyn Bogan - A former term employee of EOUSA from January 1985 to September 30, 1986. A Management Analyst, Ms. Bogan worked on EOUSA PROMIS project. Very critical of EOUSA staff for lack of competance and indifference to their responsibilities.

Phone: (703) 920-2641

Tim Murphy - Assistant Director of EOUSA for debt collection. A retired D.C. Superior Court Judge with a reputation for integrity. Recruited by Brewer to head EOUSA debt collection.

Phone: (202) 673-6212 Office

Jack Rugh - Until about June 1988, Assistant Director of EOUSA for information systems. Left DOJ to go to work with Page Basheer at Retreival Systems, Inc.

Phone: (703) 525-2122

C. Madison (Brick) Brewer - Home telephone in the District of Columbia is (202) 244-3538.

K. Executive Office for United States Trustees (EOUST)

Ezelle Stewart - Worked for Pascuito. Is former driver for Attorney General Meese and former military intelligence analyst.

Robert Honeycutt - Prior to being hired by Pascuito to work in the Executive Office for U.S. Trustees, was employed in Finance Section of Justice Management Division. Admitted that he had, upon orders from to Pascuito, Stewart and others unnamed superiors, "deep-sixed" routine vouchers from INSLAW under the EOUSA contract.
Phone: (202) 724-5756

Margaret Ben Venito - Former Secretary in EOUST under Stanton.
Phone: (301)352-2383

Harriett Colburn - Former Secretary in EOUST under Stanton.
Phone: (202) 466-2030 (current)

Jean Fitzimmon - Joined DOJ Office of Legal Policy under President Carter. Had considerable contact with EOUST under Stanton. Is a close friend of Candy Winkler, a Deputy Director of EOUST. Currently in private practice in Phoenix.
Phone: (602) 263-8700.

Victor Abrunzo - Assistant U.S. Trustee for Southern District of New York under Harry Jones until some time in 1987. Currently employed with a computer services subsidiary of Manufacturers Hanover Bank in Santa Ana, California. Indirectly told Hamilton that Deputy Attorney General Arnold Burns recruited Ken Rosen to serve as counsel for AT&T in INSLAW case.
Phone: (714) 557-4650

arry Gastley - Former Justice Management Division government contracts lawyer under Janis Sposato until March 1985. Former U.S. Trustee William White's handwritten notes of a telephone conversation in February 1985 about the "conversion" of INSLAW from Chapter 11 to Chapter 7 have Gastley's name and J.M.D. legal title at the top, suggesting he is the party to whom White was speaking. Currenty employed as an Assistant U.S. Trustee in Santa Ana, California.

Phone: (714) 836-2691 Office

Norman Oliver - Assistant U.S. Trustee for the Virginia and District of Columbia office that has the INSLAW Chapter 11 case. Signed the notice to the court appointing AT&T to the Unsecured Creditors Committee, after he had set-up the Committee without without AT&T and despite the fact that AT&T was not on the list of the 20 largest creditors filed by INSLAW with the Bankruptcy Court. Served under William White and still is Assistant U.S. Trustee.

Phone: (703) 557-0746

Charles Miller - Was the INSLAW Chapter 11 case worker in U.S. Trustee's Office in Alexandria. Currently serves in U.S. Trustee's Office in Baltimore, MD. Harry Jones would have displaced Miller as the INSLAW case worker if Stanton had succeeded in having Blackshear send Jones down to Washington in February 1985 to work the INSLAW case.

Phone: (301) 962-3910

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L. Drug Enforcement Administration

Francis M. Mullen, Jr.- Hamilton was introduced to Mullen by Tully Kossack, retired former head of Criminal Division during a chance encounter on a flight to New York. Mullen asked Hamilton to contact him about what INSLAW could do for DEA. Hamilton wrote to Mullen in January 1983 about possible use of PROMIS as investigative management system in DEA.

Phone: (203) 739-7943 Office
Mullen Security

M. United States Marshal's Service

Stan Morris - Was Associate Deputy Attorney General under Edmund Schmultz who provided the famous August 11, 1982 "sign off" letter on INSLAW's ability to license the privately-finance enhancements as fee-generating, proprietary products. DOJ later pretended that this sign off was much less than INSLAW thought it was.

Phone: (703) 285-1111

Ed Moyer - Long-time budget specialist in EOUSA. In late 1982 or early 1983, Miles Matthews hired him to work in Criminal Division under Matthews. When William WEld became Assistant Attorney General for Criminal and Matteews accompanied Steve Trott to the Office of the Associate, Matthews recommended Moyer to be his successor as Executive Officer in Criminal Division. Weld chose someone else instead. When Matthews later joined the U.S. Marshal's Service as Controller, he brought Moyer over from the Criminal Division.

Jeff Miller - Was Deputy Assistant Attorney General for Procurement under Larry Wallace in 1985-1986. Probably knows something about what happened to INSLAW. When Wallace was forced out of JMD in September 1986, Miller was apparently forced out too, and landed at U.S. Marshal's Service.

N. Office of Justice Programs

Office of Justice Programs is the DOJ umbrella group for the cluster of agencies that were created out of the liquidation of the Law Enforcement Assistance Administration (LEAA). These include the Bureau of Justice Statistics, The National Institute of Justice, the Bureau of Justice Assistance, and The Office of Juvenile Justice and Delinquency Prevention.

Jack A. Nadol - Controller of the Office of Justice Programs. In the Fall of 1983, Ben Renshaw, then Acting Director of the Bureau of Justice Statistics, asked Nadol why The Office of Justice Programs was holding up the award of two "cooperatiave agreements" (a cross between a contract and grant) to INSLAW, each worth hundreds of thousands of dollars. Nadol told Renshaw that it was an effort by the Office of Justice Programs to achieve a "unified front" with Main Justice to increase the leverage of Main Justice in its contract disputes with INSLAW, i.e., the contract disputes that arose in mid-1983 under the EOUSA contract. In the December 22, 1983 meeting between Kevin Rooney, Assistant Attorney General for Administration and INSLAW (Elliot Richardson, Harvey Sherzer and Bill Hamilton, Mr. Richardson asked Rooney to look into the reason for the delay in execution of these new business awards.

This inquiry triggered a release of the new awards accompanied by a face-saving change in position by Jack Nadol.

Phone: (202) 724-7608

Lois Haight Harrington

- Assistant Attorney General for The Office of Justice Programs. Wife of a Reagan Cabinet Officer (Secretary of Energy). Former Deputy District Attorney in Alameda County, California. The most likely conduit for a Request from Main Justice (Associate Attorney General D. Lowell Jensen) to The Office of Justice Programs to hold up the awards.

- Currently with The White House Conference for a Drug Free America.

Phone: (202) 254-4103

James K. (Chip) Stewart

- Director of The Office of Justice Programs National Institute of Justice. The December 1985 report prepared by Systems and Computer Technology, Inc. on its planned acquisition of INSLAW indicated that SCT had spoken to "officials" of the DOJ and the National Institute of Justice. Norm Keyt, who was the number two person in SCT's Law Systems Division at the time and the SCT person who allegedly had the communications, told Hamilton that someone in the National Institute of Justice purported to know the whole story of the DOJ/INSLAW relationship. Keyt professed not to remember who that person is. Shenart is the former Chief of Detectives in the Oakland California (Alameda County) Police Department and would presumably know Lowell Jensen well.

Phone: (202) 724-2942

A. Federal Judicial Center

Leo Levin, Charles Nihan, Gordon Bermant	-	Visited INSLAW on March 14, 1983 to discuss possible adaptation of PROMIS for Federal Probation offices in 94 Districts. Later, someone in F.J.C. did a due diligence check with EOUSA's Jack Rugh. Business prospect evaporated. Levin was the Director of Federal Judicial Center at the time. Currently is retired from government and teaching at the University of Pennsylvania Law School. His telephone number is (215) 898-7496. Nihan was and remains the Deputy Director of F.J.C. His office number is (202) 633-6321. Bermant was then Director of Innovation and Systems Development for F.J.C. He is currently a Senior Research Analyst at F.J.C. His office number is (202) 633-6326.

. U.S. Social Security Administration

Jack Svahn	-	Was Commissioner of Social Security in 1983. Came out of Governor Reagan's Sacramento Administration. Met with Hamilton about possible adaptation of PROMIS for 1300 S.S.A. field offices; Office of Hearings and Appeals; and Child Support.
Louis Hayes	-	Was Assistant Commissioner of Social Security for Office of Hearings and Appeals in November 1981.
Phillip T. Brown	-	Was Chief Judge of Office of Hearings and Appeals in S.S.A. in June 1983.
Robert O'Brian	-	Was Data Processing Director of S.S.A.'s Office of Hearings and Appeals in June 1983.

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Marshall Mendell - High-level S.S.A. systems official with whom INSLAW liaised in 1983 about possible business. Later, involved in public allegations about improper contracting practices under commissioner Svahn.

Nelson Sabatinni - Top aid to Commissioner Svahn with whom INSLAW liased in 1983.

David Bernstein - Was Deputy Director of Division of User Support in November 1982.

Richard Gonzales - Was in Office of Systems of S.S.A. in April 1983.

Lawrence Hendricks - Was Associate Commission for Field Operations in January 1984 who met with INSLAW about 1300 Field Offices.

C. U.S. Navy Judge Advocate General's Office

Captain Peter B. Walker- In October 1982, met with INSLAW. Later told IBM Account Executive for Navy, Barry Chamerlain, that DOJ criticisms of INSLAW killled prospects for PROMIS and INSLAW in Navy.

D. Internal Revenue Service's Office of Chief Counsel

In August 1985, INSLAW submitted a written proposal to I.R.S., through Robert Coulter of the DOJ Tax Division, to barter INSLAW's approximately $500,000 pre-petition tax arrearage by supplying copies of INSLAW's MODULAW software product for use in the Chief Counsel's office. The Chief Counsel's Office has about 1200 lawyers in 58 cities and had begun talking to INSLAW about the possible acquisition of MODULAW well before the INSLAW bankruptcy.

Robert K. Coulter - Attorney, DOJ Tax Division

Phone: (202) 724-6647

Richard Mihelsic - Director, Administrative Services Division
Office of Chief Counsel
Internal Revenue Service

Mr. William Lyons	-	IRS Chief Counsel
Mr. Al Tarran	-	IRS Chief Counsel
Mr. Thomas Morrison	-	I.R.S. District Counsel for Montana Helena, MT 59626 Phone: (406) 449-5328

E. U.S. General Services Administration

Helen McKewan	-	In May 1983, Ms. McKewan was in the Office of Software Development and General Services Administration (202) 756-6150. She helped author a letter from Ray Kline, Deputy Administrator of G.S.A. to the General Accounting Office for inclusion in a G.A.O. study entitled Federal Agencies Could Save Time and Money with Better Computer Software Alternatives GAO/AFMD - '83-29 published May 20, 1983. The G.S.A. letter described INSLAW's case tracking software as adaptable to the case tracking needs of all federal agencies.

F. Office of Management and Budget

William Henderson	-	Worked on OMB debt collection project in September 1981; strongly urged DOJ to use computers rather than word processing machines for EOUSA project.
John Komoroshe	-	DOJ budget analyst at OMB in May 1981. Supportive of INSLAW's effort to persuade DOJ's EOUSA to substitute full function computers for word processors to support case management in 70 small U.S. Attorneys Offices.

Arlene Triplett - Was Associate Director of OMB for management in September 1984. Tried to persuade Larry Wallace to use package software at DOJ.

Fred Reeder - Aide to Arlene Triplett in September 1984 who met with INSLAW.

Herman Haberman - Aide to Arlene Triplett in September 1984 who met with INSLAW.

Informant's July 1983 Warning to Senator Max Baucus - Lowell Jensen and Ed Meese Planning a Sweeheart ntract with Their Friends on DOJ-Wide Installation of PROMIS Software.

In July 1983, a DOJ Official employed in the Justice Management Division contacted William Shook, then a lawyer-investigator on the staff of Senator Max Baucus, to "blow the whistle" on a planned sweetheart contract at DOJ. The DOJ offical allegedly told Shook in words or substance:

> "Lowell Jensen and Ed Meese home a plan that, when Meese becomes Attorney General, they will install the PROMIS software in every litigation office of the Department of Justice and award a sweetheart contract to their friends."

The source also told Shook that the PROMIS software was inefficient, consuming too much CPU resource and processing time and complained that the EOUSA RFP for PROMIS had allowed only 30 days for submission of proposals, and that this and the planned Meese-Jensen sweetheart contract on PROMIS signified an "institutionalized sweetheart deal with INSLAW". The source obviously believed that the Jensen-Meese friends for the future PROMIS contract were to be found at INSLAW.

Meese was nominated as Attorney General about six months later, on or about January 23, 1984.

Senator Baucus had apparently asked the General Accounting Office in 1983 to investigate the overall DOJ procurement system. Baucus <u>was</u> then a member of the Senate Judiciary Committee.

In early February, envisioning early confirmation hearings for Ed Meese as Attorney General, Senator Baucus had asked GAO to redeploy its entire DOJ procurement audit team from the larger DOJ investigation to conduct an investigation of the INSLAW contract in time to have questions for Meese's confirmation hearings.

The GAO team was headed by John Ols, then and still an Assistant Director of GAO and included Larry Korb, Anne Shippers and Mercedes Ortez.

Because of the urgency of the investigation, GAO asked for the official DOJ contract file on INSLAW instead of allowing DOJ time to make a copy of the file for GAO.

DOJ did not include in the offical INSLAW contract file any information about the fact that DOJ had issued, one month earlier, a notice to INSLAW to "show cause" why its EOUSA contract should not be terminated for default.

A. What is INSLAW and What is PROMIS?

INSLAW, Inc. began operations in January 1981 as the successor for-profit company to the not-for-profit Institute for Law and Social Research.

During the decade of the 1970s, the Institute developed a computer software product, known as PROMIS, to help local district attorneys' offices manage their large caseloads, and plan and control their workflow.

The key to PROMIS and its derivative products is harnessing the power of information technology to increase the leverage of individual knowledge workers in carrying out the critical missions of their organizations. For a local district attorney's office, PROMIS helps prosecuting attorneys gain leverage over both their heavy workloads and their crime control mission by focusing their efforts on the incapacitation through conviction and incarceration of the small proportion of offenders who are repeatedly rearrested for serious crimes, including crimes while on bail; by documenting for the police what they can do to make sure that their arrests will stick in court; and by exposing management problems, such as poor witness notification procedures, that impede effective law enforcement.

The Institute's work with PROMIS during the 1970's was financed through approximately $10 million in federal grants and contracts from the Department of Justice's (DOJ's) Law Enforcement Assistance Administration (LEAA). In 1978, Princeton University's Woodrow Wilson School of Public and International Affairs recognized the importance of the Institute's work with PROMIS by conferring a Rockefeller Public Service Award on William A. Hamilton and Charles R. Work for their work with PROMIS.

By 1980, a bipartisan political consensus had emerged in Congress to restructure or liquidate LEAA, while assuring that PROMIS, the career criminal prosecution program and specified other LEAA successes were perpetuated.

The outgoing Carter Administration, through the report of Attorney General Bell's Task Force on LEAA, signalled its agreement on the need to preserve PROMIS in the expected dismantling of LEAA.

During the first year of the Reagan Administration, through the report of Attorney General William French Smith's Task Force

on Violent Crime, the Reagan Administration also made clear its agreement that PROMIS should survive the liquidation of LEAA.

Counsellor to the President Edwin Meese, III, speaking in April 1981 to a national meeting of the local district attorneys who use PROMIS, stated that "the PROMIS program and what INSLAW has done provides one of the greatest opportunities for success in the future, because it has to do with good planning and good use of management information."

The Rand Corporation, in an evaluation of the practical effects of the first 20 years of federal financial support for state and local criminal justice research published in July 1987, listed PROMIS as one of the seven most significant achievements of the first two decades of federal financial support for state and local criminal justice improvements.

Notwithstanding the strong bipartisan agreement on the need to preserve PROMIS, neither the Carter nor the Reagan Administrations actually made any provisions to preserve PROMIS.

The founders of the Institute for Law and Social Research decided in 1980 and 1981 that the only way to save PROMIS in the face of the impending termination of federal financial support for PROMIS software upkeep and upgrade services and for the marketing of PROMIS to local district attorneys' offices nationwide, would be to invest private capital in the commercialization of the PROMIS technology.

These founders of the Institute created the for-profit INSLAW, Inc. for this purpose, and purchased the assets of the Institute for Law and Social Research from the independent trustees of the Institute, Elliot Richardson, Harry McPherson and Calvin Collier, effective January 1, 1981. In May 1981, when the direct LEAA subsidy for PROMIS software upkeep and upgrade services and PROMIS marketing ended, INSLAW began entering into fixed-fee contracts with state and local governments for such services.

At the same time, evidence was emerging of the broad applicability of PROMIS to the case control needs of the federal government itself. In the late 1970s, DOJ's Land and Natural Resources Division successfully adapted PROMIS to its case tracking and workflow management requirements, and DOJ's Executive Office for U.S. Attorneys conducted a successful pilot test of PROMIS for supporting the criminal prosecution, civil litigation and legal process debt collection missions of two large U.S. Attorneys' Offices.

In 1980, the Federal Computer Performance Evaluation and Simulation Center (FEDSIM) of the Department of Defense published a study of case management software. FEDSIM reported that it had had no success in identifying case tracking application packages through either commercial teleprocessing services contractors, or

published computer software and services directories such as AUERBACH, DATAPRO and ICD Software Directory. Consequently, FEDSIM surveyed seven federal agencies, including the Social Security Administration, five regulatory and administrative law agencies, and the Department of Justice. According to FEDSIM, DOJ's Executive Office for U.S. Attorneys recommended highly both PROMIS and INSLAW. After analyzing case tracking systems in the other federal agencies, FEDSIM concurred in recommending PROMIS as the best case tracking software product.

By May 1983, the applicability of PROMIS to the federal government had acquired increasingly strong recognition. In its May 1983 report, the General Accounting Office published a letter from the General Services Administration that not only concurred with the GAO recommendation for standard software products for functions such as case control that are found in many federal agencies, but also pointed to INSLAW's work with the PROMIS software as the prime example of how the federal government could satisfy its needs in this area through reliance on the private sector. The GSA letter opined that the INSLAW case control software could be adapted to track and control any type of case that needed tracking in the federal government and stated: "This system could be further modified to track welfare receipients or any function requiring tracking."

By May 1981, the Reagan Department of Justice had approved a project to install the PROMIS software on mini-computers in the 20 largest U.S. Attorneys' offices, building upon the successful pilot project by DOJ's Executive Office for U.S. Attorneys. The project sought to harness PROMIS to improve the leverage of U.S. Attorneys in two areas designated as priorities by the new Reagan Administration: increasing the collection of money owed the United States Government, and increasing the effectiveness of the federal government in combatting violent crime and career criminals.

The next section of this paper highlights a sustained campaign by DOJ officials, apparently begun at virtually the same time as the early 1981 DOJ decision to install PROMIS in the 20 largest U.S. Attorneys' Offices, to expropriate the PROMIS software and drive INSLAW out of business. This effort was clearly inconsistent with maximizing the potential of PROMIS for achieving the original two Reagan Administration priorities. Notwithstanding these facts, PROMIS did achieve the objective of increasing the leverage of United States Attorneys in legal process debt collection. During the first year of PROMIS operations in the first 19 U.S. Attorney's Offices, legal process debt collections in those 19 offices increased by about $255 million. This one year increment in cash collections produced a return, in the initial year of PROMIS operations alone, many times the amount of the life cycle investment in hardware, software and services that would have been required to install INSLAW's PROMIS software on full-function computers in each of the 94 U.S. Attorneys' Offices and to train all of the attorneys

B. History of DOJ's Effort to Get the PROMIS Software While Getting Rid of INSLAW

I. In the early months of the Reagan Administration, a consensus emerges at the political and career levels of the DOJ to install PROMIS in large U.S. Attorneys' Offices nationwide. (FF #111, #112, #113, #114 and #115)

D. Lowell Jensen strongly disagrees with the decision. (FF #307, 308, and #309)

DOJ hires C. Madison Brewer as PROMIS Project Manager with the expectation that he will supervise a very large contract with his former employer. (FF #123, #124, #125, #126, #127, and #128)

A. The Support for the Planned PROMIS Project

1. The career civil service leadership of the Executive Office for U.S. Attorneys was pleased with the success of a pilot test of PROMIS in the U.S. Attorneys Offices in Newark, New Jersey and San Diego, California that had begun in the Carter Administration, and very mindful of earlier failed automation projects carried out by DOJ's Justice Management Division in large U.S. Attorneys offices. (FF #111)

On May 18, 1981, William Tyson and Lawrence McWhorter, Director and Deputy Director of the Executive Office for U.S. Attorneys tell INSLAW's Hamilton and John Gizzarelli that they are so anxious to get the early expansion project moving that they do not wish to risk additional delay associated with heeding Hamilton's warning to substitute full-function micro computers for the word processing machines in the 70 small U.S. Attorneys' Offices. Tyson volunteers to take full responsibility for the decision to use the word processing machines for case tracking work, and tells Hamilton that he will consider the national project as an overall success, even if the word processing machines prove to be useful just for word processing, as long as the PROMIS software is installed on computers in the 20 largest U.S. Attorneys' Offices which have most of the national caseload. (FF #118, #119, and #120)

2. The political leadership of the new Reagan Administration viewed PROMIS as a way to support two Reagan Administration priorities: (1) improved effectiveness in combatting violent crime and career criminals; and, (2) increased collection of debts owed the United States Government.

a. On April 22, 1981, Counsellor to the President Edwin Meese was the luncheon speaker at a national meeting in Washington, D.C. of INSLAW's PROMIS Users Group. He noted that while serving Governor Reagan he had been peeved by the poor quality of statistical and management information support provided to the Departments of Corrections and Justice and that he had been a recipient of INSLAW's literature while he was involved at the Criminal Justice Center of the University of San Diego. He praised INSLAW's work with the PROMIS system as "one of the greatest opportunities for success in the future" and "the most successful means of protecting the citizens and apprehending and convicting criminals..." (Transcript of Meese speech).

About two weeks later, on either May 4 or 5, 1981, at a meeting in his White House office with INSLAW counsel Donald Santarelli, Meese dismissed as inadequate the Carter Administration plans to install PROMIS in the 20 largest U.S. Attorneys Offices. Meese boasted that the Reagan Administration was pro-law enforcement and would demonstrate that fact by providing the necessary resources. Meese said that the Reagan Administration would install PROMIS in all 94 U.S. Attorneys Offices, all legal divisions, and in independent DOJ bureaus such as the Bureau of Prisons. Meese cautioned that the PROMIS expansion would have to be based on a competitive procurement. Meese strongly endorsed the Santarelli suggestion to get DOJ moving on the PROMIS expansion in time to obtain results during the first Reagan term in supporting Reagan Administration priorities on violent crime and debt collection. Meese stated that the he would rely on D. Lowell Jensen to get DOJ moving. (Hamilton's recollection of Santarelli telephone call after the meeting; Work's desk calendar notes of a Santarelli call to Work on May 5, 1981 stating that "Meese leapt" at the idea; Letter from Hamilton to Santarelli.)

b. On May 5, 1981, Associate Attorney General Rudy Guiliani reacts favorably to a presentation by INSLAW Counsel Charles Work and INSLAW's President William Hamilton on the advantages of an early expansion. (Letter from Hamilton to Guiliani dated May 7, 1981)

c. On May 7, 1981, Associate Deputy Attorney General Stan Morris reacts favorably to a presentation by Hamilton on the advantages of an early expansion. Deputy Attorney General Edward Schmults briefly drops by during the Morris-Hamilton meeting. (Letter from Hamilton to INSLAW counsel Roderick Hills requesting the meeting with Deputy Attorney General Schmults and/or Stan Morris dated May 5, 1981; and, Hamilton's calendar for May 7, 1981).

d. At a meeting on May 21, 1981 with Hamilton, Harold Steinberg, Associate Director for Management of the White House Office of Management and Budget, and William Henderson, OMB Debt Collection Project Head, express support for the use of PROMIS in U.S. Attorneys' Offices for debt collection and improved criminal and civil caseload management. They also express support for Hamilton's contention that DOJ should substitute micro-computers for word processors for the 70 small U.S. Attorneys' Offices and offer to try to help convince DOJ of this. Several months later, and prior to the DOJ issuance of the Request for Proposals, OMB communicates its position in writing to the Office of the Deputy Attorney General. (FF #121)

e. OMB also offered several additional millions to DOJ for the project if DOJ would substitute full-function computers for word processing machines in the 70 smaller U.S. Attorney's Offices but DOJ rejected the offer. (Hamilton's recollection of a conversation with either William Henderson or Ken Hill of OMB.)

B. Opposition within DOJ to the Planned PROMIS Project

1. During an early April 1981 meeting with two INSLAW empirical research analysts, D. Lowell Jensen volunteered the belief that the initial two generations of PROMIS were inferior to the corresponding generations of the DALITE case tracking software developed under Jensen's direction when he was Alameda County, California District Attorney. (FF #308)

2. At an undetermined date in 1981 (presumably in May or June 1981), Jensen expressed to Morris his lack of enthusiasm about the DOJ decision to install PROMIS in the 20 largest U.S. Attorneys' Offices. (FF #309) In

his 1987 deposition, Jensen testified that he was not opposed to the PROMIS system itself, but that the opposition he had expressed to Morris was based on the failure of DOJ officials to consult Jensen and the Criminal Division about the decision. (Jensen Deposition, p. 50)

3. In May or June 1981, McWhorter of DOJ's Executive Office for U.S. Attorney's (EOUSA) approached EOUSA Assistant Director Francis X. Mallgrave about his possible interest in the position of DOJ PROMIS Project Manager. After indicating his belief that INSLAW would be selected as the vendor for the PROMIS project, McWhorter revealed a plan to staff the project in such a way as to inflict harm on INSLAW by saying to Mallgrave: "we are going to get INSLAW." (1988 Statement of Mallgrave to Hamilton and, separately, to the U.S. Senate Permanent Investigations Subcommittee)

4. At an undetermined date in 1981, Elizabeth "Pat" Rudd, a senior contract executive in DOJ's Justice Management Division took over administration of INSLAW's PROMIS pilot project contract with the EOUSA for the stated reason that the DOJ contracting officer who had been handling the contract, Ms. Betty C. Thomas, was not vigilant and tough enough with INSLAW. Rudd threatened former contracting officer Thomas with charges of nonfeasance. (Hamilton's recollection)

5. In August 1981, EOUSA Deputy Director Lawrence McWhorter approached C. Madison Brewer, III to become the PROMIS Project Manager (FF #125) despite the fact that Brewer had no prior experience with computers, computer technology, computer programming, accounting, auditing or contract administration. (FF #129) McWhorter testified that he approached Brewer, then an Assistant U.S. Attorney for the District of Columbia, in August 1981 (FF #125), because he had become acquainted with Brewer in the late 1970s and remembered that Brewer had worked at INSLAW prior to McWhorter's becoming acquainted with him. (FF #128) John Gizzarelli testified that when Brewer returned to the U.S. Attorneys' Office after being dismissed from INSLAW in 1976 that Brewer told Gizzarelli and others in the government of his intense dislike for both INSLAW and Hamilton. (FF #107) During the contract negotiations in January and February 1982, Brewer manifested his continuing dislike of INSLAW, almost six years after he had been fired, by gratuitously volunteering denigrating comments about the quality of INSLAW's work and the names of critics of INSLAW among local prosecutors. (Recollection of INSLAW's Dean Merrill and Hamilton)

6. The EOUSA developed a job description for the PROMIS Project Manager's position that appears to have been tailored to Brewer because it sought a current or former Assistant U.S. Attorney with exposure to PROMIS. (Hamilton's recollection)

7. The EOUSA selected Brewer over candidates with much more relevant experience including James Gregg, former Administrator of the Law Enforcement Assistance Administration who holds both law and M.B.A. degrees; and, George Kondos, a senior DOJ information technology manager who is also a lawyer. (Hamilton's recollection, augmented by a 1988 conversation with Kondos)

8. EOUSA hired Brewer, knowing that INSLAW was the likely winner of the contract and that Brewer had been employed by INSLAW's predecessor not-for-profit company. (FF #127) Hamilton terminated Brewer's employment for cause in April 1976 (FF #104) although the EOUSA claims that it did not know this when it hired Brewer. (FF #128)

9. McWhorter testified that Tyson had told him about a Presidential appointee biased against INSLAW, possibly even prior to the start of the March 1982 PROMIS contract (McWhorter Deposition, pp. 76 - 77).

10. Tyson and McWhorter testified that there was opposition to the PROMIS project within the Justice Management Division prior to the start of the project. (FF #115)

II. During the first year of the INSLAW PROMIS contract, Brewer attempts to defeat INSLAW's claim of proprietary rights to PROMIS, secretly defying both a recusal order (FF #184,185) and a subsequent decision by Morris for DOJ to give its "sign off" on INSLAW's proprietary rights (FF# 193).

A. INSLAW's April 2, 1982 submission through Counsel of a memorandum to the Office of the Deputy Attorney General on its plans to market its privately-financed enhancements to PROMIS as proprietary products clearly upsets Brewer.

1. On April 14, 1982, in reaction to the INSLAW memorandum, Brewer holds a meeting in his office to discuss the possibility of terminating the one-month old three-year contract for the convenience of the government, and to discuss possible punitive measures to pursue against INSLAW under each of its other contracts with DOJ. Each one of the DOJ witnesses who attended the meeting professed a total lack of memory about the meeting, and none was willing to offer any

explanation of the meaning of the contemporaneous, handwritten notes of the meeting taken by the Videnieks. (FF #165)

2. In the course of an April 19, 1982 meeting between representatives of INSLAW and DOJ's Bureau of Justice Statistics, Brewer volunteered his concern about Hamilton's "scurrilous" memorandum of April 2, 1982 that INSLAW submitted through counsel to Morris. Brewer erupted into a very emotional, even belligerent, tirade. (FF #168 and #170)

3. In the course of one or more meetings with INSLAW counsel James F. Rogers, Brewer exhibits such unalterable opposition to INSLAW's assertion of proprietary rights that Rogers approaches Hamilton to express his concern that is was not going to be fruitful to pursue it because Mr. Brewer had obviously made up his mind. (Rogers Deposition, p. 70) Hamilton explains to Rogers that Brewer is a fired former employee of INSLAW. (Deposition, ID, p.59)

4. On May 27, 1982, Morris orders the recusal of Brewer from DOJ's consideration of INSLAW's proprietary rights claim after receiving complaints from INSLAW counsel that Brewer was a discharged former employee of Hamilton's. (FF #180, #182, #183 and #184)

5. Despite the fact that Brewer's recusal had been ordered by a lawful superior, Brewer remained involved in DOJ's consideration of INSLAW's proprietary rights claim, with the result that only persons outside DOJ believed that Brewer had been recused. (FF #185, #186 and #187)

B. Morris' August 11, 1982 letter to INSLAW, containing DOJ's "sign off" on INSLAW's Proprietary Rights Claim, appears to trigger a series of punitive measures against INSLAW by Brewer.

1. On August 24, 1982, 13 days after the August 11, 1982 DOJ "sign off" letter, DOJ gives INSLAW notice that it will not go forward as planned with a $600,000 Phase II of a PROMIS contract with the U.S. Attorney's Office for the District of Columbia; the decision is based on a recommendation from Brewer. (FF #175)

2. On September 10, 1982, Brewer requested that Videnieks be assigned full-time "to vigorously monitor INSLAW's efforts." Brewer's request was granted. (FF #194)

3. In approximately November 1982, Videnieks, at the request of his immediate supervisor, Kamal Ramal, DOJ's Director of Procurement Services authored, an

unsigned and undated paper, on plain bond paper without any indication of organizational affiliation, outlining four alternative scenarios for bringing about the financial ruination of INSLAW through punitive measures of government administration of INSLAW's contract. (Bates #19866) Among the measures outlined were (1) terminating INSLAW's contract for default and initiating a new procurement and (2) forcing INSLAW to discontinue activities that were not related to the PROMIS contract such as software research and development. The authorship of this "4 scenario" document was disclosed when DOJ responded to INSLAW's Interrogatory #8 in INSLAW's Third Set of Interrogatories, July 16, 1987.

4. On November 10, 1982, Videnieks sends INSLAW a letter alleging that INSLAW is in default of the advance payments clause of the PROMIS contract. (FF #195) DOJ Auditor Whitely had discovered a technical violation by INSLAW of a covenant in the so-called advance payments provision of the PROMIS contract. The term, Advance Payments, as used by DOJ, means timely payment for services already rendered by a vendor and already approved for payment by the Government, rather than payment in advance. (FF #205) When Whitely discovered the technical infraction in the course of a routine DOJ audit of a period of time that preceded the time when the technical violation occurred, Whitely told INSLAW's Controller, Murray Hannon, that he was satisfied with INSLAW's explanation of the technical violation and would merely raise the issue for the record during his next audit of INSLAW, which would encompass the time period when the technical violation occurred. (Recollections of Murray Hannon and Hamilton) However, during a routine debriefing of the Auditor Whitely on December 3, 1982, Brewer and Videnieks seized on the technical violation, and discussed the effect of immediately stopping "advance payments" to INSLAW. (Videnieks notes, Bates #19461-2)

5. In verbatim letters to INSLAW dated November 19, 1982 and December 6, 1982, Videnieks demands that INSLAW immediately deliver copies of all computer programs and supporting documentation developed for or related to the contract. (FF #207)

6. On December 9, 1982, Brewer sends a memorandum to Tyson, Director of EOUSA, raising the following issues:

a. The prospect of INSLAW's bankruptcy;

b. The possible need for in-house EOUSA personnel to take over the PROMIS Project;

c. Substantial questions of fraud arising from Brewer's understanding of INSLAW's accounting practices;

d. The need for close auditing review of INSLAW's costs, particularly overhead and computer center costs; and

e. The prospect of terminating the PROMIS contract. (FF #203, #204)

III. During the first several months of Calendar Year 1983, DOJ tries unsuccessfully to coerce INSLAW to Deliver to DOJ a copy of PROMIS for the Government's unrestricted use; as soon as INSLAW defeats this DOJ effort, Hadron, Inc. contacts INSLAW to seek to buy the Company in order to get the PROMIS software.

A. On January 6, 1983, Brewer renews the DOJ demand for copies of all PROMIS computer programs (FF #213) while DOJ simultaneously moves ahead to suspend INSLAW's so-called advance payments procedure in order to use the threatened suspension to coerce INSLAW into "giving up the goods." (FF #214)

B. On January 26, 1983, Videnieks formally notifies INSLAW that DOJ will suspend the advance payments procedure based upon the technical breach. (FF #217)

C. At a meeting with Brewer, Videnieks and others on February 4, 1983, Hamilton offered to provide DOJ with the proprietary enhancements at no cost in order to resolve the proprietary rights dispute with DOJ, as long as DOJ would modify the contract to acknowledge INSLAW's proprietary rights in keeping with the August 11, 1982 "sign off" letter from Morris. DOJ Administrative Counsel William Snider responded that INSLAW did not have to give up its proprietary enhancements at no cost in order to protect its proprietary rights, and that that was not the way that the Government does business. Brewer and Videnieks became very angry with INSLAW and raised their voices in objection to INSLAW's position on the proprietary enhancements. DOJ officials stated during the meeting that DOJ had to be free to install PROMIS in other offices beyond the 20 largest U.S. Attorneys offices, citing the Criminal Division as an example. (FF #220)

D. In response to a DOJ demand for INSLAW's software, Hamilton states, at the February 4, 1983 meeting, that INSLAW will not release its proprietary software to DOJ unless DOJ agrees to acknowledge INSLAW's proprietary

rights. INSLAW explains that Morris had already given a DOJ "sign off" letter on INSLAW's rights to its privately-financed enhancements. (FF #221)

E. On March 7, 1983, Brewer's Deputy, Jack Rugh, produces an internal DOJ paper entitled "A Programmatic Risk Analysis" relating to the possibility of a future INSLAW bankruptcy. Rugh's memo notes that the word-processing part of the contract is behind schedule, but ascribes the delay to the Government's delay in awarding the word-processing hardware contract and to the requirement for INSLAW to do additional software development to compensate for perceived limitations of the word processing-based case tracking software. (FF #227)

F. On April 11, 1983, DOJ executes Modification #12 to the Contract, incorporating a resolution of the proprietary rights issue first proposed in a March 18, 1983 letter from Videnieks to INSLAW. Under this arrangement, INSLAW will deliver to DOJ copies of all PROMIS software, including the proprietary enhancements. DOJ will honor INSLAW's proprietary rights and will promptly review the proprietary enhancements and negotiate to buy any that it wishes to retain and use in the U.S. Attorneys' Offices; or promptly direct INSLAW to remove any that it does not wish to buy. DOJ committed itself to reach its decisions promptly and, in any case, prior to the first installation of PROMIS under the contract on an in-house mini-computer, an installation that occurs in late August 1983 in the U.S. Attorney's Office for Los Angeles. (FF #242, #236)

G. Although Videnieks signs both the March 18, 1983 offer letter to INSLAW, and the April 11, 1983 Modification #12 to the contract, Videnieks later acknowledges that he did so only under pressure from DOJ's Administrative Counsel William Snider who insisted on a bilateral contract modification (pp 1861 - 62 of the trial transcript). Videnieks asks "...why do you need signature if you get the goods?" (FF #231) For his part, Brewer "forbade" Videnieks to enter into a Modification of the contract (FF #232) and offered to "protect" Videnieks from having to succumb to pressure from DOJ's and INSLAW's lawyers to enter into a contract modification. (FF #233)

H. In furtherance of its obligations under Modification #12, INSLAW begins delivery to DOJ of the source and object codes, and written substantiation of INSLAW's proprietary enhancements. (FF #247 and 249)

I. On or about April 20, 1983, about a week after DOJ took delivery of the time sharing version of INSLAW's proprietary PROMIS software, Dominick Laiti, Chairman of Hadron, Inc., telephoned INSLAW's President Hamilton with an offer to purchase INSLAW. Laiti told Hamilton that

Hadron had the political contacts at the highest levels of the Reagan Administration necessary for obtaining the federal government's case tracking software business and that Hadron wished to buy INSLAW in order to obtain the PROMIS case tracking software and, thereby, exploit this business opportunity. When Hamilton declined any interest in meeting with Laiti to discuss a sale of INSLAW, Laiti said: "we have ways of making you sell." (Hamilton's recollection of the telephone call, augmented by brief notes on Hamilton's desk calendar for April 20, 1983.)

Infotechnology, Inc. of New York City, whose Chairman is Dr. Earl Brian, controls four of the six seats on Hadron's Board of Directors. Brian was Secretary of Health and Welfare in California under Governor Ronald Reagan, and has been a friend of Edwin Meese for many years. The failure of Mr. Meese to disclose his ownership of stock in Infotechnology, then called Biotech Capital Corporation, and his related failure to disclose the Meese family use of a loan from a subordinate in the White House to purchase the stock were the subject of an investigation by Independent Counsel Jacob Stein in 1984. Mr. Stein did not bring criminal charges against Mr. Meese for his failure to make these disclosures on his White House annual financial disclosure forms because Mr. Stein was unable to find a credible motive to explain the failure to disclose. (James Stewart's book, The Prosecutors.)

IV. After taking delivery of the time sharing version of PROMIS, DOJ decides to stonewall INSLAW on the promised negotiation of license fees for the proprietary enhancements, and launches a series of transparently fraudulent contract disputes designed to starve INSLAW of cash and drive INSLAW out of business.

A. On May 2, 1983, Hamilton has a private meeting with Tyson, to complain about biased administration of the INSLAW PROMIS contract by Brewer. Tyson's response, in words or substance, is as follows:

"Brick Brewer is not your only problem. There is a Presidential appointee in the current Administration who is so antagonistic to INSLAW and PROMIS that I have to maneuver to keep him away from the meetings of the U.S. Attorneys for fear he will so poison the well that the nationwide PROMIS project will have no chance of success." (FF #315)

Hamilton inferred then that Tyson was referring to D. Lowell Jensen, Assistant Attorney General for the Criminal Division. Hamilton gave a contemporaneous report about Tyson's statement and the inference about Jensen to Merrill and Gizzarelli. (Recollections of Hamilton, Merrill and Gizzarelli)

On May 9, 1983, Videnieks reviews with Rugh the methodology proposed by INSLAW in a letter of May 4, 1983 for proving its claim of proprietary rights, and makes a decision to stonewall INSLAW's effort to prove its proprietary rights. Rugh drafted a letter for Videnieks' signature rejecting INSLAW's methodology and refusing to provide INSLAW any guidance as to an acceptable methodology, even though Rugh knew what methodology would be acceptable to DOJ. On June 10, 1983, Videnieks sent such a letter to INSLAW with an ultimatum to provide an acceptable methodology and the necessary proof by July 11, 1983 or Videnieks would rule against INSLAW's proprietary rights claim. (FF #252, #256, and #257)

C. During May, June and July 1983, Jensen is in transition from Assistant Attorney General for the Criminal Division to Associate Attorney General. The latter position had direct supervisory authority over the EOUSA, and, by virtue of the Associate's Chairmanship of the PROMIS Oversight Committee, direct oversight authority over the PROMIS project and the INSLAW contract. (FF# 312, #313)

D. During May, June and July 1983, DOJ launches three unrelated disputes with INSLAW, each of which becomes the basis for withholding each month an increasingly larger amount of money owed INSLAW for services rendered under the contract.

1. The Time Sharing Billing Formula "Dispute"

- On July 18, 1983, Videnieks writes to INSLAW noting that DOJ had already withheld almost $250,000 in time sharing costs because of "apparent overbilling." (Bates #20366). Videnieks' action was a repudiation of the time sharing billing formula that DOJ had negotiated with INSLAW prior to the contract. DOJ's James Johnston had negotiated the billing formula after conducting a trial audit of the formula without raising any questions. DOJ did not raise any questions about the formula when it conducted its actual audit of the INSLAW's Fiscal Year 1982, the first year of the contract. The Videnieks letter showed as the number one "c.c.," "D. Lowell Jensen, Associate Attorney General--Designate." Videnieks was unable to offer any explanation at the trial for his having copied a high political appointee on the letter. (FF #313)

- Videnieks letter was precipitated by letters to him from INSLAW dated March 8, 1983 (Bates #15055) and April 8, 1983 (Bates #13054) notifying Videnieks

that DOJ's expanded use of INSLAW's timesharing services, if continued, could overrun the amount of money originally budgeted in the INSLAW cost-plus contract. The expanded use resulted from the need to continue the services for a longer period of time than originally forecasted because of Government delays in building computer rooms in the U.S. Attorneys Offices, and from the fact that the U.S. Attorneys Offices were increasing their daily rate of utilization of the services by attaching additional terminals and printers and by processing more transactions such as data base inquiries and reports than had been forecasted.

- The DOJ audit report on INSLAW for Fiscal Year 1983 (Bates #20965) reveals that the "time sharing algorithm charges" to the EOUSA for FY 1983 were $1,178,614. Videnieks' decided not to pay INSLAW's bills under this algorithm because he professed to believe that the algorithm was unfair to the Government and resulted in overbilling to the Government. However, DOJ had independently estimated prior to the INSLAW contract what a full fiscal year of PROMIS time sharing services to the same 10 large U.S. Attorneys offices should cost (Bates #022363-64). DOJ's "should cost" estimate in 1981, over the signature of Assistant Attorney General for Administration, Kevin Rooney, was $1,332,000, about $160,000 above INSLAW's billings under the formula. The Rooney memorandum arrived at the estimate by combining $900,000 in "annual computer costs to support 10 sites" with $432,000 for "contractor technical and operations support personnel."

- Videnieks based his decision to repudiate the formula on a May 6, 1983 internal DOJ memo from Rugh (Bates #14783) that neglected to consider the costs of communications engineers, systems programmers and statisticians, i.e., the "contractor technical and operations support personnel" that were expressly factored in DOJ's own pre-contract "should cost" estimate.

- In addition to having its own government "should cost" estimate that independently established the reasonableness of INSLAW's time sharing billings, DOJ had knowledge that the reason INSLAW's time sharing services were going to exceed the amounts that DOJ had originally budgeted under the contract was that the Government was late in building the computer sites in U.S. Attorneys Offices for housing the mini-computers that would be used to run PROMIS. In a letter to OMB on April 2, 1984,

Jensen stated: "Implementation at mini-computer sites has gone relatively well--except for delays in construction at selected sites. The latter problem has forced and will continue to force the U.S. Attorneys to use INSLAW's time sharing services to a greater degree than programmed and budgeted..." (Bates # 022528-022546)

- Brewer had foreshadowed future problems for INSLAW in this cost area in his December 9, 1982 memo to Tyson predicting INSLAW's bankruptcy and suggesting INSLAW's computer center as a target for "close audit review." (FF #263, #204)

- When Videnieks demanded that DOJ's Audit Staff conduct an audit of INSLAW's time sharing costs, the Director of DOJ's Audit Staff, Guy Zimmerman, responded by indicating that any such audit would be a moot question if the billing formula was, in fact, a negotiated formula. (Bates #21716).

- In an August 16, 1984 meeting, the DOJ Audit Staff was ordered by Assistant Attorney General Anthony Liotta to begin an audit on August 20, 1984, despite the DOJ Audit Staff's reservations about auditing the billings under a negotiated formula. Liotta insisted, over Zimmerman's objections, on including on the audit team a representative of the EOUSA, the very DOJ program office that had made the original fallacious analysis that INSLAW's time sharing charges were excessive. (Bates #20256 - 20257, Videnieks' contemporaneous meeting notes)

- In a Final Decision dated March 26, 1985, Videnieks compounded the original DOJ wrong by asserting that DOJ had overpaid INSLAW about $600,000 for time sharing services even though it had paid only a fraction of INSLAW's time sharing billings under the formula. (Bates #16655 - 16660).

- DOJ and INSLAW have about eight separate negotiation sessions during 1985 focused on the time sharing billings. Some of the sessions are three hours in length. Janis Sposato, who headed the DOJ negotiations team, insisted on taking this contract dispute first because of her professed belief that this was the most troublesome issue for INSLAW of all of the contract disputes. When the negotiations led to the discovery that DOJ's position was premised on Rugh's faulty reasoning in his internal May 6, 1983 memorandum, and that Rugh's memorandum had overlooked the technical and operations support personnel at INSLAW for the time sharing services, Sposato exclaimed: "This blows

my mind. I'm stunned. No wonder the two sides have been so far apart." (FF #368). Subsequent to this negotiation session, however, Sposato revealed that her DOJ client was unwilling to allow her to make sufficient additional concessions to INSLAW that would permit the parties to return to the negotiated formula. (FF #369).

2. The "Dispute" about Payment of Fee or Profit Under the Contract.

- o In July 1983, Videnieks stopped paying INSLAW's monthly vouchers for profit earned under the contract. Videnieks, however, did not inform INSLAW of his decision until September 1983 when he attributed the decision to INSLAW's alleged delays in the word processing part of the contract (Bates #14655). Videnieks' notice to INSLAW came after INSLAW delivered in August 1983 the version of PROMIS for operation on mini-computers in U.S. Attorneys Offices. (FF #265)

- o When Videnieks made his July 1983 decision, he had an internal DOJ memorandum from Rugh that attributed the delays to DOJ rather than to INSLAW. Rugh's memo attributed the word processing phase delays to (1) DOJ's failure to award the word processing hardware contract on time; and (2) the requirement, imposed on INSLAW by DOJ, to conduct additional software development work. (Bates #12746 - 12752).

- o The additional software development work was necessitated by unhappiness in the U.S. Attorney's Office in West Virginia with a pilot system for word processing machines developed by INSLAW under an earlier contract. The U.S. Attorney's Office wanted INSLAW to change the software to work around limitations imposed by the word processing equipment itself on the ability to do debt collection computations. (Hamilton's and Gizzarelli's recollections)

- o Tyson and McWhorter had been warned by Hamilton prior to the award of the PROMIS contract that DOJ should not rely on word processing machines for the case tracking systems but should instead substitute full function micro computers. Tyson had declined to make the substitution and had volunteered to take full responsibility for any problems that ensue from the decision to stay with the word processing machines. (FF #120)

- Prior to the contract, OMB wrote to DOJ enclosing and endorsing an analysis by INSLAW on why micro computers should be substituted for the word processing machines in the future procurement. (FF #121, #122).

- OMB had also, prior to the contract, offered to provide DOJ with additional millions of dollars to enable DOJ to buy full-function computers for the 70 smaller U.S. Attorneys Offices instead of word processing machines. DOJ refused to accept the money offered by OMB. (Hamilton's recollection of a conversation with OMB's William Henderson or Ken Hill in 1981.)

- Jensen knew that DOJ had insisted on using the word processing machines for case tracking and that it was a bad Government decision (FF #280). Jensen volunteered his views, in February 1984 after Jensen had approved on December 29, 1983, a plan to default terminate INSLAW's contract because of the word processing delays. (FF #271)

- Brewer recognized that the word processing machines were a questionable environment for case tracking. In a weekly report to Tyson, dated April 1, 1985, more than a year after Brewer's staff had taken over the word processing component of the project, Brewer wrote: "My staff has identified problems in the Lanier operating system which adversely affect using the system for case tracking ... (Bates #15582) (Lanier is the brand name of the word processing machines purchased by DOJ)

- On February 8, 1984, Snider issued a written legal opinion to Videnieks stating that there was not even a valid schedule in the INSLAW contract for the word processing component of the work and that, consequently, Videnieks would not be able legally to sustain a decision to default terminate the contract because of alleged INSLAW delays in the word processing part of the contract. (FF #319)

- Notwithstanding the Snider legal opinion and the fact that Jensen, Brewer and Rugh all recognized that the problems were DOJ's problems and not INSLAW's, Videnieks never desisted from his July 1983 decision to stop paying INSLAW its profit under the contract, a decision that Videnieks said was based on INSLAW's alleged delays on the word processing component of the contract.

3. The Failure of DOJ to Carry Out Its Statutory Obligation to Negotiate Current Overhead Billing Rates for INSLAW

- o Most of INSLAW's federal cost-plus contracts were with DOJ. Consequently, DOJ is the "cognizant federal audit agency" for INSLAW. James Johnston was the DOJ official responsible for negotiating INSLAW's government-wide overhead billing rates.

- o In July 1983, James Johnston "misplaced" a newly-produced routine, DOJ audit report on INSLAW's overhead costs and then stonewalled, for the remaining 20 months of the contract, repeated requests from INSLAW to meet to negotiate current overhead billing rates, and repeated reminders from the DOJ audit staff of his obligations to conduct such negotiations. (Deposition of retired DOJ Auditor Geraldine Schacht, pp 96 - 100; deposition of Johnston, p. 104)

- o In his deposition, Johnston was unable to offer any explanation for his failure to act. "I just didn't get it done." (Johnston deposition, p. 108)

- o Brewer's December 9, 1982 memo to Tyson forecasting INSLAW's bankruptcy had foreshadowed a problem for INSLAW in this area by identifying the need for close audit review of INSLAW's overhead costs. (FF #203)

- o A DOJ informant of the Senate Judiciary Committee, identified as a high-ranking career official of DOJ, has alleged that James Johnston was one of three key DOJ employees on whom Jensen relied in carrying out Jensen's plan to drive INSLAW out of business and give DOJ's case tracking business to "friends."

- o In a Final Decision dated March 26, 1985, Videnieks decided, in the absence of a negotiated overhead billing rates between INSLAW and DOJ, that DOJ had overpaid INSLAW by about $400,000 in overhead costs. This $400,000 comprised one of the major elements of a $1.2 million DOJ sham counterclaim asserted against INSLAW during the pendency of Chapter 11. (Bates #16655 - 16660)

E. During 1983, INSLAW's problems with the Executive Office for U.S. Attorneys appear to delay or end other significant business prospects of INSLAW's. (FF #161)

1. In January 1983, INSLAW made a presentation to the Criminal Division about the possible use of PROMIS. INSLAW met with Deputy Assistant Attorney General James Knapp, Executive Officer Miles Matthews, and data processing director Floyd Bankston. Jensen arranged the meeting after Hamilton telephoned Jensen in late 1982 upon reading a newspaper account about Jensen's plans to computerize the Criminal Division. INSLAW subsequently learned from Bankston that EOUSA's negative assessment of INSLAW had doomed any prospect of contracting with INSLAW for the Criminal Division. (Hamilton recollection of conversation between Bankston and INSLAW employee Al Ash in 1983) As noted earlier, however, DOJ officials referred to the Criminal Division at the February 4, 1983 meeting with INSLAW when DOJ demanded the right to use PROMIS anywhere in DOJ it chose to use PROMIS.

2. The Federal Judicial Center's (FJC's) top three executives met with INSLAW in April 1983 about the possibility of installing INSLAW's case tracking software in the federal courts throughout the United States. INSLAW subsequently learned from the Deputy Director, Charles Nihan, that the FJC had decided against contracting with INSLAW after checking with unidentified DOJ officials. (Hamilton's recollection of a conversation between Nihan and INSLAW employee Morgenstein in 1983; Brewer's weekly report to Tyson for June 20 - 24, 1983 saying that Rugh had met that week with FJC's technical staff to discuss PROMIS in connection with FJC's plans to decentralize the federal courts' caseload management systems. (Bates #11777 - 11778)

3. In 1982 and 1983, INSLAW conducted discussions with the Federal Bureau of Investigation about the possible adaptation of INSLAW's case tracking software for investigative case tracking in all F.B.I. field offices. During the second half of 1983, these prospects evaporated without explanation, and the F.B.I. began to develop a case tracking system from scratch. (Hamilton's recollection of contacts with the F.B.I.'s Norm Christensen during 1983. Christensen is currently a Deputy Assistant Director of the F.B.I.)

4. INSLAW had been engaged in serious discussions with the Immigration and Naturalization Service of DOJ during 1982 and the first half of 1983 about the possible nationwide use of INSLAW's case tracking software in INS' administrative law tribunals and incarceration facilities. These prospects suddenly and mysteriously disappeared in the second half of 1983. (Hamilton's recollection that INS Assistant

Director, Robert Kane, told Hamilton in 1983 that he was personally embarrassed that the INS had led INSLAW "down the primrose path." Also, Brewer's weekly report to Tyson for the week June 20 - 24, 1983 reports that Rugh met that week with computer specialists for "Immigration Review" about PROMIS. (Bates #11777 - 11778)

5. In the fall of 1983, DOJ's Office of Justice Assistance, Research and Statistics (OJARS) put a "hold" on the award of two large empirical research projects to INSLAW. The OJARS Controller, Jack Nadol, privately told Ben Renshaw, Director of the Bureau of Justice Statistics in 1983, that the objective of the "hold" was to increase the leverage of Main Justice over INSLAW in the contract disputes. (Hamilton's recollection of a conversation with Renshaw in the fall of 1983)

F. Earl Brian and Dominick Laiti of Hadron visit Wall Street to raise capital to buy INSLAW, and to enlist the help of one of INSLAW's institutional investors, the Small Business Investment Corporation known as 53rd Street Ventures.

According to Paul Wormeli, former Vice President of Hadron's Simcon law enforcement subsidiary, Wormeli, Earl Brian and Dominick Laiti went to Wall Street in September 1983 to raise capital for Hadron's criminal justice expansion. Wormeli's secretary, Marilyn Titus, said the trip was to "raise capital to buy the court software," i.e., the PROMIS software. Wormeli said he and Laiti met with Mark Tessleman, Vice President of Allen and Company, about raising the capital. An INSLAW institutional investor, 53rd Street Ventures, either met with Brian in September or was briefed about Brian's interest in buying INSLAW. Hamilton met the following month, October 1983 in New York City with 53rd Street Ventures' Johnathan Ben Cnaan, who urged Hamilton to accept an extra $1 million in equity capital to expand sales and marketing, even if it meant running a deficit. Ben Cnaan tells Hamilton about a businessman with ties to the highest levels of the Reagan Administration who was in New York City in September 1983 and who wants to buy INSLAW.

G. D. Lowell Jensen, chairing a meeting of the PROMIS Oversight Committee on December 29, 1983, authorizes DOJ to begin the process of terminating INSLAW's contract for default because of the word processing contract dispute. (FF #317 and #320)

Jensen authorizes this action even though his superior, Deputy Attorney General Edward Schmults, had just authorized negotiations between INSLAW's Counsel Elliot

Richardson and Assistant Attorney General Kevin Rooney to try to find an amicable resolution of the problems, and even though those negotiations had had a constructive beginning just one week earlier. (FF #316)

Depositions of various participants in the December 29, 1983 meeting of the PROMIS Oversight Committee reveal unusual difficulty in recalling details of this meeting:

- Jensen testified that he had no recollection of anybody saying anything about the meeting one week earlier between Richardson and Rooney and Tyson. (Jensen Deposition, p. 18)

- Tyson testified that frequently items would be put on the agenda which would need to be skipped over or not gotten to, or the chairman of the meeting would say, well, we don't need to talk about that... (Tyson Transcript, p. 174) In the case of the December 29, 1983 meeting, Tyson's recollection is that there was a very brief mention of the fact that the Richardson-Rooney meeting had been held and that somebody was working on a response. (Tyson Deposition, p. 175)

- Rooney testified that he had a recollection of a presentation by him during the meeting with Richardson and that "I've got to believe that I felt positive about it." Rooney also stated that he could not recall any discussion at the meeting of terminating the word processing part of the contract for default. (Rooney Deposition, p. 94)

- Jensen's Aide, Jay Stephens, testified regarding the Richardson visit to DOJ a week earlier: "I don't recall anything. I mean I haven't written anything down here. I don't know whether nothing was said, whether it was passed over, whether it was, you know, a quick visit to the issue. I don't remember anything -- I don't have any memory if anybody knew about Elliot Richardson visiting the Department..." (Stephens Deposition, pp. 29 - 30) Stephens also testified that the discussion at the meeting about a default termination may not have been limited to the word processing part of the contract, but may have related to a plan for the default termination of the entire contract. (Stephens Deposition, p. 26)

- Brewer testified that "the fact that Mr. Richardson and Mr. Hamilton had met with Mr. Rooney and Mr. Tyson was discussed" at the PROMIS Oversight Committee meeting (Brewer Deposition, p. 391), but

that he did not recall being informed that Richardson made a concrete proposal for solving some of the outstanding disputes then existing between DOJ and INSLAW. (Brewer, ID, p. 392)

- Harry Flickinger, Rooney's Deputy in December 1983, testified that he was unable to recall any discussion with Rooney, Tyson, Jensen, Brewer or others concerning a visit by Richardson to the Department on behalf of INSLAW during the PROMIS Oversight Committee meeting. (Flickinger Deposition, p. 59)

1. On January 5, 1984, Videnieks issues a notice to INSLAW to show cause why its contract should not be terminated for default because of delays in the implementation of word processing based systems in the 70 small U.S. Attorneys' Offices, delays that DOJ alleged were the fault of INSLAW. (Bates #10942)

2. INSLAW counsel Donald Santarelli telephones Associate Attorney General D. Lowell Jensen in January 1984 to seek an audience for INSLAW to present its case prior to any final DOJ decision on the default termination of the contract. Jensen responds that he believes the contract may already have been terminated for default. (Hamilton's recollection of a telephone conversation with Santarelli in January 1984)

V. The DOJ campaign to bankrupt INSLAW temporarily stalls as the General Accounting Office and Independent Counsel Jacob Stein begin investigations related to the January 23, 1984 nomination of Edwin Meese as Attorney General of the United States.

A. In early February 1984, the General Accounting Office begins an urgent investigation of the INSLAW PROMIS contract based on a warning from a DOJ "whistleblower" that, as soon as Meese is confirmed, Jensen and Meese plan to award a massive sweetheart contract to their friends to install PROMIS in every litigation office of DOJ. The GAO investigation was requested by Senator Max Baucus of Montana, then a member of the Senate Judiciary Committee. (letter from Senator Baucus to the GAO, dated February 3, 1984; Hamilton's recollection of a telephone conversation with Charles Wellford, Director of Research in DOJ's Office of Legal Policy, in February 1984 and contemporaneous notes of the content of Hamilton's conversation with Wellford, recorded separately by three different INSLAW counsel, Charles Work, Elliot Richardson and Kathy Little. Wellford obtained his information from a friend of his employed by GAO. That person is apparently Richard Groskin.)

B. In early February 1984, INSLAW government contracts counsel, Kathy Little, contacts GAO to volunteer cooperation with the GAO investigation and to alert GAO to the pending DOJ default termination because DOJ failed to disclose the pending termination to GAO. (Hamilton's recollection.)

C. As previously noted under Section IV, D.2., on February 8, 1984, Snider issues an internal legal opinion that DOJ cannot sustain a default termination of INSLAW's contract because there is no legally valid implementation schedule in the contract against which delay could be measured. (Bates #14511; FF #277 and #319)

D. Brewer telephones Hamilton on/about February 13, 1984 to tell INSLAW that Jensen had just decided to terminate the word processing part of INSLAW's contract for the convenience of the Government instead of for default. (FF #278) Brewer failed to disclose the internal DOJ legal opinion on the illegality of a default termination and, instead, continued to insist that DOJ could have justified a default termination, but that Jensen had decided to be magnanimous. (Hamilton's recollection of a telephone conversation with Brewer immediately after Brewer left a meeting in Jensen's office in February 1984.)

E. On February 13, 1984, Videnieks terminated the word processing part of the INSLAW contract for the convenience of the government. (FF #279)

F. On or about February 13, 1984, DOJ officials prepare a two-page fact sheet on the three major contract disputes that began during the May-July 1983 timeframe. The fact sheet estimates that DOJ may owe INSLAW $919,000 by that date. This DOJ document is described in an internal Dickstein, Shapiro and Morin memorandum prepared by Dickstein, Shapiro Associate Ron Percowski on January 13, 1987 and obtained by INSLAW in its discovery associated with its 1988 fee dispute with Dickstein, Shapiro. This two-page DOJ summary was not provided to INSLAW by DOJ under discovery and is not listed on the DOJ list of documents withheld from INSLAW under claims of legal privilege.

G. In February 1984, Santarelli meets with Acting Deputy Attorney General Jensen, who asks Santarelli to tell Hamilton (1) that Jensen does not blame INSLAW for the problems with the word processing part of the contract because it was DOJ's bad decision to try to use word

processing machines for case tracking; and (2) that Jensen suggests that INSLAW submit a proposal to expand the number of U.S. Attorneys' Offices to receive the computer-based PROMIS software. Jensen says that he would look with favor on finding the money for such a proposal from INSLAW. (FF #280)

H. On March 27, 1984, The Senate Judiciary Committee asked Attorney General Smith to seek the appointment of an Independent Counsel to investigate allegations against Attorney General-Designate Meese, including allegations about his failure to disclose certain business and financial relationships with Earl Brian.

I. In a letter to Constance Horner of the OMB on April 2, 1984, Acting Deputy Attorney General Jensen seeks a supplemental appropriation of almost $1 million to expand PROMIS to 15 more U.S. Attorneys' Offices. Jensen's letter blames INSLAW for failing to estimate properly the data processing requirements of these 15 U.S. Attorneys' Offices which were originally slated to receive word processing systems. (Bates # 022528)

   In the same letter to OMB, Jensen blames INSLAW for delays and cost increases in the word processing part of the contract. Jensen asks for about $2 million in 1984 supplemental and a 1985 budget amendment to cover the increased cost associated with the EOUSA take over of the word-processing part of INSLAW's contract. (Bates #022528)

J. In April 1984, DOJ rejects the proposal that INSLAW submitted in late February 1984 at the suggestion of Acting Deputy Attorney General Jensen. (FF #284)

K. INSLAW is forced to lay off 40 employees because of the February 13, 1984 termination of the word processing part of the contract and the April 1984 rejection of the INSLAW proposal to expand the remaining computer part of the contract. Brewer reports the INSLAW lay-off to Tyson in his regular OMISS Activity Report for the week covering April 4, 1984; Brewer notes, "There are signs that at last INSLAW management recognizes reality. Within the past week, payroll was reduced at INSLAW by 40 persons."

L. Hamilton meets with INSLAW's three institutional investors in New York City in early April 1984. Johnathan Ben Cnaan and Patricia Cloherty of 53rd Street Ventures take the lead in berating Hamilton for INSLAW's financial problems caused by DOJ contract disputes. Ben Cnaan reminds Hamilton that Hamilton declined $1 million equity offer in October 1983; and tells Hamilton that INSLAW will now have to give up 80% of its common stock to obtain $1 million in equity capital, and that Hamilton will have to agree to

bring in a new President for INSLAW. (Hamilton's recollection)

M. Brewer rejects a second unsolicited proposal from INSLAW that was submitted to the DOJ in July 1984. This proposal offers to license to DOJ for about $1 dollar a copy, for the 70-plus small U.S. Attorneys' Offices, a micro-computer version of PROMIS that would be 100% compatible with the PROMIS software being installed in the 20 largest U.S. Attorneys' Offices. INSLAW's offer was contingent upon DOJ releasing the money it was withholding from INSLAW under the contract, pending adjudication of the disputes before the Contract Appeals Board. INSLAW was then about to begin to produce the micro version of its case tracking software under a new strategic partnering contract with AT&T. (Bates #I10567)

N. In August 1984, DOJ begins an audit of INSLAW's computer center costs. EOUSA representatives are placed on the DOJ audit team over the objections of Zimmerman, the Director of the DOJ Audit Staff. DOJ had been withholding money owed INSLAW for computer time sharing services since DOJ repudiated the negotiated formula in May 1983. (From Videnieks' contemporaneous notes, Bates #202546)

VI. As the two Meese investigations end in September 1984 without turning up evidence of serious wrongdoing, the conspirators position to liquidate INSLAW as soon as the DOJ-forced bankruptcy of INSLAW occurs, and to force the sale of INSLAW to Hadron and Earl Brian.

A. The Two Investigations End in September 1984 Without Turning up Evidence of Serious Wrongdoing

1. On September 17, 1984, Independent Counsel Jacob Stein submits the final report of his investigation of Meese to the U.S. Court of Appeals. Stein declines to bring criminal charges against Meese. According to a book by James Stewart entitled The Prosecutors, Stein searched in vain for evidence that Meese had sought to influence the U.S. Government to confer substantial benefits on Brian, and, having failed to find such evidence, decided not to file criminal charges against Meese for failing to disclose on his annual White House financial disclosure forms, either his equity investment in Earl Brian's Biotech Capital Corporation or his use of a loan to Mrs. Meese from Edwin Thomas, a Meese subordinate in the White House and a close friend of Earl Brian, to buy the stock. According to records of the Stein investigation obtained by INSLAW in 1988 from the National Archives, Meese's White House staff misplaced Meese's telephone call notebooks for two periods during 1983 -- February 17, 1983 to April 22, 1983 and May 2, 1983 to October 12, 1983.

2. On September 28, 1984, the General Accounting Office publishes its analysis of DOJ procurement practices entitled Justice Can Improve Its Contract Review Committee's Contribution to Better Contracting. The urgent investigation of the INSLAW PROMIS contract, that had been launched February 3, 1984 as a result of a DOJ whistleblower's warning that Meese and Jensen were planning to award a "massive sweetheart contract" to their friends to install PROMIS in every litigation office of DOJ, was relegated to Appendix III. The GAO report does not disclose that the investigation of the PROMIS contract was prompted by allegations by a DOJ whistleblower about Meese and Jensen's plans to award a "massive sweetheart contract" to friends for the DOJ-wide installation of PROMIS.

B. The Conspirators Position to Finish Off INSLAW And Get The PROMIS Software

1. On October 31, 1984, the AT&T Privilege List indicates that William T. O'Shea, Vice President for Software at AT&T Information Systems, received the first of three internal AT&T Information Systems "Software Acquisition Status Reports" about the INSLAW contract. The other internal AT&T Information Systems memoranda to O'Shea on the subject are dated December 12, 1984 and January 21, 1985.

2. In late October 1984, the last minute aborting by Commerce Clearing House, Inc. of a multimillion dollar strategic partnering contract with INSLAW.

   In mid-October 1984, the Board of Directors of Commerce Clearing House, Inc. approved a multimillion dollar strategic partnering contract with INSLAW. Because CCH was well aware of INSLAW's precarious financial condition resulting from DOJ's withholding of about $1.8 million owed INSLAW for services rendered under the PROMIS contract, CCH had agreed to give INSLAW a $1 million interest-free advance, consisting of $500,000 on signing the contract and $100,000 a month for the first five months of the contract.

   The strategic nature of the contract resulted from CCH's interest in availing itself of two INSLAW strengths: (1) INSLAW's expertise in the development of software for lawyers and professionals: and (2) INSLAW's distribution system for selling software to law firms through INSLAW's contracts with both IBM (large law firms on IBM mainframes) and AT&T Information Systems (small and medium-size law firms on AT&T micro and mini-computers).

When Pete Massey, CCH Executive Vice President, informed Hamilton on/about November 1, 1984, that CCH was not going to execute the contract, Massey gave as the reason advice from CCH's outside counsel, Sidley and Austin, that the risk to CCH was too great. (Hamilton's recollection)

[WARNING: THIS SEGMENT OF SECTION B.2 CONTAINS INFORMATION FROM CCH DOCUMENTS GOVERNED BY A PROTECTIVE ORDER]

CCH documents obtained under third party discovery in INSLAW's litigation against DOJ reveal that CCH expected to spend $5 - 10 million on the INSLAW contract, although the initial phase was $1.6 million. Additionally, INSLAW would earn licensing fees from the sale to its law firm customers of the full-text legal retrieval software that CCH was contracting to have INSLAW develop. CCH, in turn, would use the same software for a future electronic distribution of its loose-leaf information services to lawyers and accountants.

CCH documents obtained in discovery also reveal that CCH's Executive Vice President Edward Massie personally conducted the final due diligence about INSLAW, immediately following the CCH Board of Directors' approval of the INSLAW contract in mid-October 1984. According to his notes, Massie apparently contacted three large Wall Street law firms who were then customers of INSLAW -- Milbank Tweed, Hadley and McCloy, Sullivan and Cromwell and Wilkie, Farr and Gallagher -- and obtained very positive statements about INSLAW from these entities. The notes also indicate a very positive reference for INSLAW's law firm plans from IBM. The CCH records also indicate that CCH's in-house general counsel, Mary Ann Heinz and its outside law firm, Sidley and Austin, obtained information about INSLAW from AT&T, but there are no notes of what Massey or CCH learned from AT&T about INSLAW. (Bates #0180092) CCH had instructed its outside counsel, Sidley and Austin, to prepare the contract with INSLAW for execution by November 1, 1984.

Notes of the CCH Vice President for Systems, Howard Rebelitz, whose offices are in Manhattan, indicate that CCH had learned something about INSLAW from an unidentified source of sufficient importance to justify aborting the strategic contract. "I must say I am disappointed about the turn of events regarding INSLAW. But it is a turn of events of significant proportions and must be objectively evaluated." (Bates

#018084) Rebelitz also appears to have been warned that INSLAW might file for bankruptcy in February 1985: "however, if a deal with INSLAW is unwise--and it certainly appears to be--I prefer dealing with my disappointment now while we still have our money and a delay is not surprise. Next February will be no time to have to pull up stakes and find another contractor." (Bates #0180088).

CCH's outside counsel, Sidley and Austin, who evidently assisted in obtaining information about INSLAW from AT&T, is headed by Howard Trienens. In addition to his role as Chairman of the Executive Committee of Sidley and Austin, Trienens was then concurrently the Vice President and General Counsel of AT&T.

[WARNING: THIS IS THE END OF THE SEGMENT OF SECTION B.2. CONTAINING INFORMATION FROM CCH DOCUMENTS GOVERNED BY A PROTECTIVE ORDER.]

3. The fact that Meese and his confidants were by October 1984, confident that Meese would be confirmed as Attorney General is implied by the Report of Independent Counsel James C. McKay on July 5, 1988. E. Bob Wallach travelled to the New York City headquarters of Wedtech, Inc. around the weekend of October 27 and 28, 1984 to pick up a check for $300,000 for services Wallach expected to render for Wedtech in 1985 and 1986 while a full-time employee of Meese at DOJ. (McKay Report, p. 246)

4. Records of the McKay Independent Counsel investigation, obtained by INSLAW from the National Archives in January 1989, indicate that E. Bob Wallach sent Meese a lengthy memorandum on October 25, 1984 entitled "Thoughts for the Future," which contained a discussion of "U.S. Attorneys Offices," among a number of other seemingly unrelated subjects.

5. The last minute CCH decision to abort the planned contract with INSLAW forced INSLAW to have a major lay-off in November 1984, the second such lay-off of the year.

   In his weekly report to Tyson for the period November 12, 1984 - November 23 ,1984, Brewer notes the INSLAW lay-off, stating: "INSLAW has terminated an additional 35 employees, including the EOUSA Project Manager." (Plaintiff's Exhibit #312)

6. In November 1984, Anthony Liotta, Assistant Attorney General for Administration, removes the four top DOJ procurement and information technology officials from their positions, including William Van Stavoren, Principal Deputy Assistant Attorney General, Harry Flickinger, who was removed from his position as Deputy Assistant Attorney General for Procurement; Rhoda Mancher, who was removed from her position as Deputy Assistant Attorney General for Information Technology; and Kamal Rahal, who was removed as Director of the Procurement Services Staff.

7. In December 1984, Liotta meets with INSLAW counsel Richardson as Richardson makes a last ditch effort to get DOJ to focus on the contract disputes in time to avert an INSLAW bankruptcy. According to a "talking points" document prepared for Liotta's use at the meeting, Liotta was advised to stonewall Richardson by indicating his "reluctance to intervene prematurely" due to the "heat" of the recently completed GAO investigation that Senator Baucus had commissioned. (Bates #16266) DOJ identified Quinlan Shea, former Director of the Executive Office for U.S. Trustees, as the probable author of the "talking points" memo to Liotta. (DOJ response to INSLAW's Fourth Set of Interrogatories on July 13, 1987)

8. In December 1984, Daniel Tessler of 53rd Street Ventures visits INSLAW and demands, by the close of business that day, that the Hamiltons sign over to Tessler the voting rights of their 60% controlling interest in the INSLAW common stock. Tessler states that he has the support for this demand of INSLAW's lead institutional investor, Hambro Venture Capital, through its managing partner, Edward Goodman. Tessler tells Hamilton that Hamilton is "stuck" and does not have any choice but to accept the demand, and that unless Hamilton accedes to the terms demanded, INSLAW's institutional investors will not even attempt to help INSLAW raise new equity capital in order to avert bankruptcy. Tessler says that once he has the voting rights, Tessler alone will decide whether to sell INSLAW or merge INSLAW with another company, and whether to take INSLAW into Chapter 11. This December 1984 visit to INSLAW is the first time that Tessler and Hamilton have ever met and the first time that Tessler has ever visited INSLAW. (Hamilton's Recollections)

Daniel Tessler is a cousin of Alan Tessler, the Senior Partner at Shea and Gould (statement by Hambro's Goodman to Hamilton in 1988 in response to a question from Hamilton) who is responsible for the mergers and acquisition work for Earl Brian's companies including Hadron, Inc.

INSLAW finally succumbs to the financial pressures created by the conspirators by declaring bankruptcy in February 1985; DOJ and AT&T immediately implement a pre-arranged plan to force INSLAW's liquidation and the sale of its case tracking software at auction to Earl Brian and Hadron.

- o INSLAW files for protection under Chapter 11 in the U.S. Bankruptcy Court for the District of Columbia on February 7, 1985.

- o On February 20, 1985, Videnieks notes that Brewer has talked to Thomas Stanton, Director of DOJ's Executive Office for U.S. Trustees, and has learned that INSLAW will be converted to a Chapter 7 liquidation: "No way 11, will be 7." (Bates #023073)

- o On or about February 21, 1985, Rugh telephones Greg McKain, a senior software engineer at INSLAW, to recruit him for contract employment with DOJ as soon as INSLAW is liquidated. Rugh tells McKain that "we" have talked to the U.S. Trustees and that INSLAW will be liquidated in 30 - 60 days. (FF #351h and #352)

- o Thomas Stanton applies pressure on Cornelius Blackshear, then U.S. Trustee for the Southern District of New York, beginning soon after the INSLAW bankruptcy filing, to send his First Assistant, Harry Jones, to Washington to take over the INSLAW bankruptcy case for the purpose of moving in Court to convert INSLAW to a Chapter 7 liquidation. (FF #351d)

- o William White, U.S. Trustee for the District of Columbia, whose office has responsibility for the INSLAW bankruptcy case, consults several times over the telephone with Cornelius Blackshear about language for a proposed Confidentiality Order by Judge Bason, that would prevent Jones from having access to INSLAW financial data that Jones would need in order to file the sham motion to liquidate INSLAW. (FF #351f)

- o White, through an ex parte approach, persuades Judge Bason to add the proposed language to the Confidentiality Order that Judge Bason issues on July 11, 1985. (FF #351f)

- o Videnieks issues a Final Decision on March 26, 1985 that contains about $1.2 million in DOJ counterclaims against INSLAW, arising from the PROMIS contract. About $600,000 of the counterclaims are based on allegations by DOJ that INSLAW's negotiated time sharing billing algorithm, which DOJ had repudiated beginning in May 1983, has resulted in overpayments to INSLAW for such services; and about $400,000 of the counterclaim is based on the DOJ allegation that DOJ has overpaid INSLAW for overhead

in which the issues will be addressed, insisting that the time sharing cost dispute be addressed first since Sposato stated the view that the time sharing cost issue was INSLAW's most difficult issue. Sposato also consigns to the end of the agenda the proprietary enhancements issue. (Recollection of William Hamilton)

- During the negotiations, INSLAW discovers that the DOJ position on INSLAW's time sharing costs is predicated on the analysis performed by Rugh that failed to take into account the fact that INSLAW employed communications engineers, systems programmers and statisticians to establish and optimize the 10-city U.S. Attorneys' Office special time sharing telecommunications network. Sposato reacts to this revelation by exclaiming: "I'm stunned. This blows my mind. No wonder the two sides were so far apart." (FF #368) Thereafter, Sposato refuses to agree to revert to the negotiated billing formula, on the grounds that her people, presumably Videnieks and Brewer, are unwilling to allow her to make any further concessions and that her "management upstairs," presumably Deputy Attorney General Jensen and Jensen-aide Jay Stephens, incorrectly believe that Sposato has already obtained an agreement from INSLAW to the proposition that DOJ has overpaid INSLAW, Sposato is not willing to apprise them of the fact that she does not, in fact, have such an agreement from INSLAW. (Deposition of INSLAW government contracts counsel, Harvey Sherzer; contemporaneous notes of Nancy B. Hamilton) INSLAW and Sposato have about eight separate negotiation sessions on the time sharing billing formula, some as long as three hours in length, between early April and early August 1985, without being able to resolve this issue satisfactorily to INSLAW. (Hamilton's Recollection)

- On February 8, 1985, within 24 hours of the INSLAW bankruptcy, Ken Rosen dates and files a notice of appearance in U.S. Bankruptcy Court for the District of Columbia on behalf of AT&T Information Systems in the INSLAW bankruptcy case. (Bates #A024771)

  According to the AT&T Privilege List, the written Agreement of AT&T Information Systems to retain Rosen's law firm, Ravin, Sarasohn, Cook Baumgarten, & Fisch, is conveyed to AT&T Information Systems Law Department by letter on February 13, 1985, five days after Rosen's notice of appearance. (Bates #JH003665)

- According to a statement by AT&T Information Systems Vice President and General Attorney Raymond Brenner to the Hamiltons in June 1986, AT&T had never retained Rosen's law firm prior to the INSLAW bankruptcy and later "fired" the firm. (Application for an Order Authorizing Examination of Persons and Documents Pursuant to Bankruptcy Rule 2004, January 19, 1988, p.9)

- According to the deposition testimony of Victor Abrunzo, former Assistant United States Trustee for the Southern District of New York, Rosen worked for the law firm of Burns Summitt Rovins & Feldesman from 1982 until late 1984 or early 1985 and had been recruited for the job of representing AT&T Information Systems in the INSLAW bankruptcy by Arnold Burns, the founder and Managing Partner of Burns Summitt Rovins & Feldesman. Burns left Burns Summitt Rovins & Feldesman for Washington in January 1986 to become Associate Attorney General and, later became Deputy Attorney General under Meese.

- Rosen files voluminous pleadings in the INSLAW case, questioning, opposing or challenging virtually every move that INSLAW makes including its retention of accountants to help compensate for the resignations of accountants at the time of the bankruptcy, and its plans to use the proceeds of a large sale of its software to help the Company with badly needed working capital. (Application for an Order Authorizing the Examination of Persons and Documents Pursuant to Bankruptcy Rule 2004, January 19, 1988, p. 10)

- Rosen is a former colleague of Harry Jones in the U.S. Trustee's Office for the Southern District of New York and remains a close social friend of Jones' over the years since then. (Jones deposition, p. 26)

- Rosen's behavior in the INSLAW case is so aggressive that it elicits letters of rebuke from both counsel to the Unsecured Creditors Committee and from a businessman on the Committee.

- Shea and Gould serve as co-counsel with Rosen in the INSLAW bankruptcy.

- Rosen files a pleading in opposition to the payment of legal fees to Richardson's law firm, Milbank, Tweed, Hadley and McCloy. David Raven of Rosen's law firm argues the AT&T Information Systems position in a June 1985 hearing before Judge Bason. Dean Cooper introduces Raven to the Court and passes notes to Raven during Raven's cross examination of Hamilton at the hearing. (Hamilton's recollection)

- According to the AT&T Privilege List, the last written communication with Rosen's law firm occurred on January 24, 1986 with a letter from James A. DuBois, who had been Vice President and General Counsel of AT&T Information Systems at the time of the INSLAW bankruptcy and who had remained in that position until leaving AT&T Information Systems in May 1985. The Privilege List indicates that DuBois included in his letter a January 15, 1986 policy

statement by Howard Trienens, Vice President and General Counsel of AT&T on "outside counsel invoices." (Bates #JB003663)

- According to the AT&T Privilege List, the one and only written communication between AT&T Information Systems and the law firm of Shea and Gould in the INSLAW case was an invoice, c/o of Rosen's law firm that was submitted by Shea and Gould on November 7, 1985. (Bates #JH003663)

- As soon as the INSLAW bankruptcy occurs, AT&T Information Systems secretly cancels the delivery to INSLAW of a computer that it knew was essential to INSLAW's ability to perform its contract with AT&T Information Systems; interdicts communications between the technical and marketing staffs of the two companies; refuses to accept delivery from INSLAW of an interim product under the contract; and, without disclosing it to INSLAW, hires another vendor to replace INSLAW. These actions effectively frustrates the strategic partnering contract between AT&T Information Systems and INSLAW. AT&T had forecasted sales of 8,000 copies of the INSLAW software over five years, and the payment to INSLAW of $30 - 40 million in royalties.

- On July 11, 1985, the U.S. Bankruptcy Court issues an Order authorizing INSLAW to keep confidential certain data, including the names of customers, that are normally filed on the public record in a bankruptcy proceeding. DOJ is the only party to object. DOJ appeals the Court's decision, but the U.S. District Court denies the appeal on the grounds that it is an interlocutory matter. The Bankruptcy Court writes in the opinion accompanying the confidentiality order: "The Court finds the motivation of the Department of Justice in the INSLAW case to be extremely suspect." (See July 11, 1985 Order)

VIII. The DOJ-AT&T phase of the conspiracy fails in late summer 1985 because of an order from Judge Bason that seals certain INSLAW financial data needed by the conspirators; DOJ and Earl Brian and Hadron immediately mobilize a hostile takeover bid for INSLAW by Systems and Computer Technology, Inc.

1. SCT initially contacts INSLAW in August 1985 with the stated aim of pursuing either a minority investment in INSLAW, a joint venture between INSLAW and SCT, or a friendly merger or acquisition. (Recollections of Hamilton, Dean Merrill and George Bercowy of INSLAW)

2. In October 1985, SCT officials began a due diligence investigation of INSLAW after executing a non-disclosure agreement. SCT officials, Michael Simmons and Norm Keyt, unsuccessfully seek to obtain from INSLAW the names of its customers and current sales prospects. (Hamilton's recollection)

3. During the fall of 1985, SCT reportedly meets with officials of DOJ and of DOJ's National Institute of Justice. (Bates #80536) According to Simmons' statements to Hamilton in 1987, these unidentified DOJ officials told Keyt that DOJ would welcome a hostile acquisition of INSLAW that removes Hamilton as President, and that DOJ would quickly settle its contract disputes once Hamilton was removed. (Hamilton's recollection of his telephone conversation with Simmons, supported by Hamilton's contemporaneous notes)

4. During 1986, SCT reportedly "scripts" its state and local government sales force to contact INSLAW customers and current sales prospects, whose names SCT obtain through unknown means, to interfere in INSLAW's business relationships by disparaging INSLAW's management and the quality of its work, and inviting attention to DOJ's professed low opinion of INSLAW as a vendor, and by debunking INSLAW's right to license the case tracking software. (Sworn affidavit of former SCT employee, Robert Radford, dated January 2, 1988)

5. In May and June 1986, the months when DOJ released its Project Eagle Request for Proposals, and when INSLAW filed its $30 million lawsuit against DOJ in U.S. Bankruptcy Court, SCT secretly approached INSLAW's Unsecured Creditors Committee with a multi-million dollar cash offer to take over INSLAW by discharging INSLAW's debts in whole or in part. (Time sheets of counsel for INSLAW's Unsecured Creditors Committee.)

6. SCT officials reportedly obtain confidential information about INSLAW from a member of INSLAW's Unsecured Creditors Committee, and disparages INSLAW's Management and the Company's chances for a successful reorganization to INSLAW creditors. The law firm of Shea and Gould may have introduced SCT President Michael Emmi to a member of INSLAW's Unsecured Creditors Committee for the purpose of obtaining confidential data about INSLAW for SCT's use in a hostile takeover bid. (Statement to Hamilton from former SCT employee Harry Stege) SCT's Phoenix, Arizona Law Systems Division office contained a file marked "Shea and Gould" that contained documents transmitted to the Phoenix office from SCT corporate headquarters. (Statement to Hamilton from former SCT consultant, Thomas Evans)

7. In June 1986, Counsel for the Unsecured Creditors Committee files a Pleading in U. S. Bankruptcy Court opposing further grants of exclusive time to INSLAW in order to be free to negotiate the sale of INSLAW to SCT. The pleading falsely debunks INSLAW's financial recovery and INSLAW's substantial profits during the first half of

1986. (See pleading of June 30, 1986, "Creditors Committee Opposition and Proposal for Alternative Relief to the Debtor's Fifth Application to Extend the Exclusive Period")

8. In late August 1986, Judge Bason grants a six month extension in INSLAW's exclusive time. According to documents obtained from SCT's investment bank under subpoena, this Court Order effectively ends SCT's hostile takeover bid.

9. In September 1986, an agent of SCT tells an INSLAW customer, the Broward County Florida Courts, that SCT's acquisition of INSLAW is virtually a "fait accompli" and that SCT plans to remove INSLAW's DOCKETRAC software product from the market following the acquisition, and to sell only a competing product recently acquired by SCT from BR Software. (Letter to Hamilton from Broward County DOCKETRAC project manager, dated September 4, 1986 and Hamilton's conversation with the Broward County Court Administrator.)

10. Beginning at some point in 1985 or 1986 and ending in February 1987, the Wall Street Investment Bank of Allen and Company purchases about 7 or 8% of the outstanding common stock in SCT, for about $5 million. (SCT's filings with Securities and Exchange Commission.)

11. According to former SCT employee Robert Radford, SCT President Emmi has a meeting about INSLAW outside SCT with non-SCT persons, including someone that Emmi referred to as Allen or Alan, in the fall of 1985. (Radford statement to BRI Investigators in 1988)

12. INSLAW has a copy of an invoice for legal services in the INSLAW bankruptcy case for the period October 1, 1985 through September 25, 1986. Ken Rosen twice submits this invoice to his other client in the INSLAW bankruptcy, Continental Resources of Boston, who twice refuses to pay it on the grounds that the services were not rendered on behalf of his company. The time period of the invoices roughly corresponds to the time period of the SCT hostile takeover bid.

The hostile takeover bid for INSLAW fails in late summer 1986 because of an order from the U.S. Bankruptcy Court giving INSLAW another six months of protection under the Bankruptcy Code's Exclusive Time Concept; DOJ communicates with INSLAW's litigation counsel through E. Bob Wallach and Leonard Garment and INSLAW's litigation counsel gives INSLAW an ultimatum to settle on DOJ's terms or find new counsel.

(The detailed citations of proof for this segment will be based on the Court record in the trial in U.S. Bankruptcy Court in December 1988 of INSLAW's opposition to Dickstein, Shapiro and Morin's claim for fees. INSLAW has not obtained the transcript of that trial.)

C. The History of the Uniform Office Automation and Case Management Procurement, Code Named Project Eagle.

I. Possible DOJ Organization Antecedents to Project Eagle.

A. Task Force on Automated Legal Support Systems And The Role of D. Lowell Jensen

1. Deputy Attorney General Schmults establishes the Task Force by memorandum of December 23, 1981 to assess DOJ's systems for acquiring and using computerized systems that support litigation, such as case management systems, litigation support systems, legal research systems, and specialized information retrieval systems. (Bates #022333)

2. The Task Force is chaired by Associate Deputy Attorney General Stan Morris and includes two Presidential Appointees, D. Lowell Jensen of the Criminal Division and Glen L. Archer, Jr. of the Tax Division; as well as Larry McWhorter of EOUSA; Al Bayse of the FBI; Richard Dehahn of the Justice Management Division; Abbott Lipsky of Anti-Trust,; Robert Ford of Civil; Charles Cooper of Civil Rights; Jeff Miller of Land and Natural Resources; and Robert Shanks of Office of Legal Counsel (Bates #16079)

3. Deputy Attorney General Schmults, by memorandum of January 27, 1983, accepts the recommendations of the Task Force including the statement of "Objectives for the Departmental Case Management System" (Bates #022331).

4. The Task Force identifies the length of time for procurements as the number one problem; and the interorganizational reporting requirements, particularly with regard to cases assigned to the U.S. Attorneys Offices that also involve the legal divisions, as the number two problem. (Bates #022335)

5. The number one recommendation of the Task Force is for "cooperative acquisitions and systems development activities." (Bates #022336-7)

6. D. Lowell Jensen identifies as the number one problem of the Criminal Division the "need for interagency tracking of cases and related matters." (Bates #022346)

7. On February 22, 1983, Associate Deputy Attorney General Stan Morris implements recommendation #2 of the Task Force by appointing three DOJ user groups, including the Case Management User Group. Morris designates Jeffrey M. Miller of the Land and Natural Resources Division to serve as the Chairman of this User Group until Sepetmeber 30, 1984. (Bates #022359).

B. Task Group on Technology and Law Enforcement And The Role of D. Lowell Jensen

1. "Mr. Jensen's Task Group on Technology and Law Enforcement has focused on this issue," i.e., "the primary issue." "The primary issue related to these initiatives [PROMIS in the U.S. Attorneys Offices and AMICUS in the Civil Division] is the identified interest/need for coordination of case management information between and among the seven litigating organizations, as identified in the Technology Overview." (Bates #18118, Memorandum dated May 21, 1984 from Rhoda Mancher, Deputy Assistant Attorney General for Information Technology, to William Van Stavoron, Deputy Assistant Attorney General for Administration on the subject of Deputy Attorney General Briefing Materials--INFORMATION MEMORANDUM)

2. "The most recent effort to develop a Departmental Case Management System (DCMS), which responds to the information needs cited above, was initiated by then Deputy Attorney General Lowell Jensen when he gathered his Task Group on Automation in Law Enforcement and turned the Group's attention to this problem. An Assistant Director of the FBI, Mr. William Bayse, was asked to develop a prototype system for this initiative."

"On December 9, 1985, the Uniform Office Automation and Case Management Project was chartered by Mr. Jensen. The Departmental Case Management System is one of several components of the project." (Department of Justice Strategic Plan for Automated Information Systems, September 1986, p. 8-24)

3. Attorney General Meese establishes the Department Resources Board on June 14, 1985, chaired by Deputy Attorney General D. Lowell Jensen. The members include the Associate Attorney General, the Assistant Attorney General for Administration, the Assistant Attorney General

for the Criminal Division, and the Assistant Attorney General for the Civil Rights Division. (Department of Justice, Strategic Plan for Automated Information Systems, September 1986, p. 1-2)

II. The Formation of Project Eagle By D. Lowell Jensen and Edwin Meese

A. On March 13, 1985, in a meeting in his office with INSLAW counsel Elliot Richardson and Donald Santarelli, Jensen states that Meese, by then having served as Attorney General for about three weeks, had complained about the deficiencies in the DOJ with respect to management data systems. (Richardson Deposition p.143)

B. Assistant Attorney General Larry Wallace tells Hamilton on July 15, 1985 that Attorney General Meese has asked the Department Resources Board chaired by D. Lowell Jensen, to do a "cross cut" analysis of information systems in the various bureaus of DOJ because "in a number of areas, PROMIS systems and other systems do not produce consistent results." Wallace said there would be a mid-August 1985 decision point on the study with "possible major new initiatives in Fiscal Year 1987." (Bates #I01575 C, Notes on telephone conversation with Larry Wallace on July 15, 1986) and Hamilton's July 22, 1985 letter to Assistant Attorney General Wallace following up on their July 15, 1985 telephone conversation. (Bates #I11516-I11520)

C. Justice Management Division General Counsel Janis P. Sposato rejects INSLAW's claim of proprietary rights to PROMIS and offers a global settlement of INSLAW's contract disputes. Point number two of the Sposato global settlement offer reads as follows: "INSLAW will recognize that the United States has the right to unrestricted use of the software obtained or delivered under this contract for any federal project, <u>including projects that may be financed or conducted by instrumentalities or agents of the federal government such as its independent contractors.</u>" (Bates #16685, Letter of November 15, 1985 from Sposato to INSLAW counsel Harvey Sherzer, Emphasis Added)

D. Deputy Attorney General D. Lowell Jensen officially charters the Department of Justice Uniform Office Automation and Case Management Project (Code Named Project Eagle) on December 9, 1985. "Currently, the

request for appropriated funding is under consideration of the Congress." (Department of Justice, Strategic Plan for Automated Information Systems, September 1986, pp 8-21 and 8-22) The objective of the project "is the joint planning and acquisition strategy, developed by the Department's litigating components..." "As priority efforts, Department management will continue to seek comparability and potential cost savings to be achieved through volume purchases of specific types of equipment. (Department of Justice's Strategic Plan for Automated Information Systems, September 1986, p. 8-2)

E. The Project Eagle Request for Proposals

1. DOJ releases the Project Eagle Request for Proposals on May 25, 1986 focused on the Tax and Criminal Divisions with a Government option to purchase systems from the contract later for all "other offices, Boards and Divisions..."

   a. In Section C.3.3. System Configuration, the RFP notes that the requirements that account for most of the computers' resources are the data base applications such as case management, and that federal guidelines prescribe a preference for "software that is sold on the open market and regularly enhanced and maintained for a customer group."

   b. In Section C.7.1, the RFP makes explicit the fact that the case tracking system will be the primary system under the heading data base management: "The major data base on the system is used for case information and resources management."

   c. In Sections C.7.3 and C.7.4., the RFP notes that the vendors are required to describe the process, including time and cost, to recreate the existing case tracking systems of each division on the new computers by the 13th month after contract award, but the RFP states that the winning vendor will <u>not</u> be required to do the actual work under the Project Eagle RFP.

   d. In Section 4.3, the RFP asks the vendors to describe any "generalized application packages" that DOJ might wish to acquire in support of its requirements."

2. In questions and answers about the RFP published by DOJ on July 3, 1986, DOJ reveals for the first time the possibility of the winning vendor obtaining application software packages from a third party (Section C.3.3.), and makes an explicit assumption for the first time that the applications will be written in the COBOL programming language (Section C.3.4.)

3. DOJ issues a major amendment to the RFP on August 25, 1986, adding the 94 U.S. Attorney's Offices and restating the purpose as acquiring a system for the Department of Justice, instead of just for selected components or bureaus.

   a. In Section C.4.5.2., DOJ specifies the amounts of on-line disk storage required for the case management applications in each U.S. Attorney's Office, implying that DOJ knew exactly what case tracking software it intended to use on these machines.

   b. In Section C.6.3.1.g., DOJ for the first time specifies that every Project Eagle computer must be capable of running software written in the COBOL programming language.

   c. In Section C.6.8.1.g, DOJ for the first time specifies that the commercial data base management system (DBMS) software to be supplied by the winning vendor must be able to plug into applications written in the COBOL programming language.

4. On August 28, 1986, Deputy Attorney General Arnold Burns writes to INSLAW litigation counsel Leigh Ratiner implying that DOJ would quickly settle its contract disputes with INSLAW if Ratiner would persuade INSLAW not to prosecute its claim of entitlement to be paid license fees by DOJ for DOJ's use of the proprietary version of PROMIS.

   "Notwithstanding the strongly held views which have separated and continue to separate the parties on a number of the issues discussed in Mr. Hamilton's letter, it appears clear that the claims and counterclaims presented in the pending litigation will ultimately be resolved in monetary terms. Because these issues are largely of an accounting nature, it is my view that they are susceptible to out-of-court settlement."

"The fly in the ointment it appears is the so-called data rights issue. We continue to be in fundamental disagreement with your client's assessment of this issue. We believe that INSLAW's claim for license fees is wholly without merit, and that your client's expectations with respect to compensation in this regard are entirely unjustified and unjustifiable."

"Just as our attorneys will continue to assess our position in the hope that a settlement can be achieved, I urge you and your client to reevaluate your litigating position on the data rights question. Should your reevaluation alter your client's position as expressed in his letter and during our meeting, the road to settlement could be facilitated greatly. Be assured that the Department's attorneys assigned to the bankruptcy and contract appeals board proceedings and the General Counsel of the Justice Management Division remain available to meet with you to discuss settlement if your assessment of the data rights question changes."

5. DOJ published questions and answers about the major August 25, 1986 Amendment on September 26, 1986.

   a. DOJ flatly denied that the PROMIS case tracking software written in COBOL, would be installed on the Project Eagle computers: "the equipment acquired from this solicitation will not be required to run either PROMIS..." (Section C.2.1.c)

6. On July 27, 1987, in response to an order from U. S. Bankruptcy Court Judge George F. Bason, Jr. to answer certain interoggatory questions from INSLAW, DOJ contradicted its own answers published to Project Eagle bidders on September 26, 1986 by admitting that DOJ might modify the PROMIS software to operate on the Project Eagle computers in all United States Attorneys Offices. "The Government has modified the PROMIS software supplied by INSLAW for use on government-furnished PRIME computers...This modified software, known as the United States Attorney's Case Tracking System-Version II, has been implemented by the Government on Prime computers in eleven United States Attorneys Offices..." "The Government is in the process of procuring new automation equipment for use in all United States Attorneys' offices, and in the Criminal and Tax Divisions of the Department of

Justice. At some future date, the USACTS-II may be further modified to operate on this equipment in all United States Attorneys Offices."

7. During calendar year 1987, the senior DOJ information technology official responsible for Project Eagle and three of his top aides resigned from DOJ in the middle of the Project Eagle procurement, the largest procurement in DOJ history.

a. John Lane, Deputy Assistant Attorney General for Information Technology, resigned on June 12, 1987. Lane headed Project Eagle. Lane joined Computer Sciences Corporation.

b. Terry Appenzeller, a senior DOJ information technology official who reported directly to Lane, resigned on October 2, 1987 and joined Lane at Computer Sciences Corporation.

c. George Vaveris, a senior DOJ information technology official who reported directly to Lane and who headed the Justice Data Center, resigned on January 3, 1987. Vaveris joined Pergamon Brassey's International Defense Publishers.

d. James K. Dower, a senior DOJ information technology official, resigned on November 7, 1987. Dower joined Vaveris at International Defense Publishers.

8. On April 15, 1988, in a pleading filed in U. S. District Court for the District of Columbia, DOJ once again contradicted its own answers published to Project Eagle bidders on September 26, 1986. In the "Reply of the United State in Support of its Motions for a Stay Pending Appeal and for Clarification," DOJ stated: "The new hardware will not be required to run the PROMIS software, but the Project Eagle procurement requires the successful contractor to provide a COBOL compiler so that the EOUSA can make PROMIS, which is written in the COBOL language, run on the new hardware, if it decides to do so."

The Cover Up

I. From May 1982 Through August 1986, DOJ Officials Repeatedly Ignore Specific Complaints by INSLAW and its Counsel About Biased and Wrongful Administration of the PROMIS contract.

A. The first charges of bias and lack of impartiality or prejudice against Brewer were made by INSLAW's Counsel Roderick Hills to Associate Deputy Attorney General Morris in May 1982. (FF #336)

B. The next claim of bias against Brewer came in January 1983 when INSLAW's Attorney Harvey Sherzer complained to Kamal Rahal, Director of Procurement in DOJ's Justice Management Division, about both Brewer's and Videniek's hostility toward INSLAW. (FF #337)

C. By letter of February 10, 1983, INSLAW's Counsel Harvey Sherzer again complained to various DOJ officials about improper motivation of DOJ personnel at a February 4, 1983 meeting, and apprised them of his concern that DOJ was motivated by a desire to seek retribution against INSLAW (FF #338)

D. On May 2, 1983, Hamilton met with William Tyson, Director of DOJ's EOUSA, to complain about the biased administration of the PROMIS contract on the part of Brewer and Videnieks, and to state that Brewer's conduct may be the result of a lack of impartiality against Hamilton for having previously fired Brewer. (FF #339)

E. Again in 1983, a similar complaint about Brewer's bias was made to Lawrence McWhorter, Deputy Director of EOUSA. (FF #341)

F. In October 1983, Sherzer complained to the Director of DOJ's Procurement Staff about the outright hostility and rampant bias of Videnieks. (FF #342)

G. In December 1983, INSLAW Counsel Elliot Richardson contacted Deputy Attorney General Edward Schmults because of his concern with the indications of bias in DOJ's EOUSA, and Schmults arranged a meeting between Richardson and Rooney to try to address "the consequences of bias." (FF #343).

H. In the summer of 1984, INSLAW consulted with Irving Jaffee, formerly DOJ's most senior career lawyer on government contracts, and requested him to take a fresh look at the bias issue. After doing so, he complained to several senior DOJ officials about the secret, but obvious, effort of DOJ to drive INSLAW into bankruptcy. (FF #344)

.n August 1984, Hamilton had a discussion with Brewer during which he contended that Brewer was biased against Hamilton and INSLAW because he had been fired. Hamilton specifically asked Brewer to recuse himself which Brewer refused to do. (FF #345)

J. In the summer of 1984 at Hamilton's request, John Shenefield, a law partner of Elliot Richardson and a former DOJ senior official, talked with Tyson and William Van Stavoren about Brewer's bias. (FF #346)

K. In the fall of 1984, Janis Sposato, General Counsel of JMD, was informed by INSLAW that Brewer had been terminated from his employment at INSLAW and accordingly harbored strong negative opinions about INSLAW. (FF #347)

L. In November 1984, at the urging of Deputy Attorney General Dinkins, Richardson met and raised the issue of bias with Assistant Attorney General for Administration, Anthony Liotta. (FF #285)

M. INSLAW's situation did not improve as a result of Richardson's working with Liotta; Liotta left his position in early 1985 without responding to INSLAW regarding the information he had requested and received. Thereafter, Lawrence Wallace took over in Liotta's position. (FF #288)

N. Between February and April 1985, Richardson had a number of conversations with Wallace. (FF #289)

O. In February 1985, Richardson telephoned Wallace, Deputy Assistant Attorney General for Administration, to complain about an attempt by Jack Rugh of EOUSA to recruit INSLAW software engineer Gregory McKain on the premise, stated by Rugh, that the U.S. Trustees had informed EOUSA that INSLAW would be liquidated in 30 to 60 days. (Hamilton's Recollection)

P. On March 13, 1985, INSLAW Counsel Richardson and Donald Santarelli met with Deputy Attorney General Jensen (1) to ask for an urgent investigation of INSLAW's allegations that the contract disputes which propelled INSLAW into bankruptcy were the product of Brewer's bias; (2) to ask for urgent negotiations by disinterested persons within DOJ to resolve the contract disputes without the expense and time of litigation and (3) to ask that DOJ consider new business for INSLAW that would both benefit the U.S. Attorneys and keep INSLAW alive while the first two matters were addressed. (FF #290)

arch 1985, Richardson began a series of telephone versations with Jensen's aide, Associate Deputy corney General, Jay Stephens, concerning INSLAW. (FF 292) Richardson had been informed that Jensen had designated Stephens as the DOJ official to pursue on Jensen's behalf the matters raised by Richardson and Santarelli. (FF #292)

R. In March 1985, INSLAW Counsel Charles Work told Stephens that Brewer had a personal vendetta against INSLAW. Stephens did not refer the complaint to OPR nor did he conduct any investigation. (FF #380)

S. On April 3, 1985, Richardson sent a letter to Stephens, enclosing an April 1, 1985 memorandum written by Hamilton that analyzed the sham nature of a $1.2 million counterclaim that DOJ had just asserted against INSLAW; Hamilton outlined the specific harm the sham counterclaim could inflict on INSLAW's ability to reorganize. (Bates #17223-26)

T. In April 1985, Richardson telephoned Wallace to complain about Dean Cooper's aggressive and inappropriate behavior at Section 341 Creditor meetings on INSLAW. Cooper was then the lead litigation counsel for the Civil Division on the INSLAW case. (Hamilton's Recollection)

U. On August 16, 1985, Richardson telephoned Stephens and sent Stephens a follow-up letter. In his telephone conversation, Richardson expressed concern that Sposato was too deferential to Brewer's feelings in the contract dispute negotiations and should be free to do what is right. Richardson enclosed with his letter an analysis of the timesharing billing formula dispute with a request that Stephens explain to him the rationale for DOJ's position on the subject, and for Sposato's failure to respond to the merits of INSLAW's contentions on the subject. (FF #296)

V. On October 23, 1985, Hamilton sent a letter to Sposato detailing biased behavior by Brewer against INSLAW that was inflicting material harm on INSLAW. (FF #391)

W. On December 4, 1985, INSLAW Counsel Richardson and Hamilton met with Deputy Attorney General Jensen to complain about the scandalous treatment of INSLAW by DOJ under the contract, the continued failure of DOJ to respond to INSLAW on the merits about the contract disputes, and the apparent effort by DOJ officials to get at Hamilton personally. (FF #295)

X. On August 21, 1986, Hamilton wrote to Deputy Attorney General Arnold Burns detailing misconduct against INSLAW by both Brewer and Jensen. (FF #397)

ne U.S. Department of Justice Frustrates The 1984 U.S. General Accounting Office Investigation Into an Alleged Plan by Attorney General-Designate Meese and Acting Deputy Attorney General Jensen to Engage in Procurement Fraud by Awarding a "Massive Sweetheart Contract" to Unnamed Friends to Install PROMIS in Every Litigation Office of DOJ.

On February 3, 1984, Senator Max Baucus of Montana, then a member of the Senate Judiciary Committee, sent a letter to the General Accounting Office asking for an investigation of INSLAW's PROMIS contract with DOJ's Executive Office for U.S. Attorneys.

The General Accounting Office was already engaged in a review of DOJ's procurement practices, begun in August 1983 at Senator Baucus' request. (GAO September 1984 Report, Covering Letter)

Although it is not mentioned in the February 3, 1984 letter from Senator Baucus to GAO, the requested investigation of the INSLAW contract was triggered by Edwin Meese's nomination as Attorney General of the United States on January 23, 1984, and Senator Baucus' desire to have GAO investigate a serious allegation about Meese from a DOJ "whistleblower" in time for the confirmation hearings before the Senate Judiciary Committee. The allegations were so serious that GAO immediately redeployed its entire DOJ procurement investigation team to the INSLAW contract.

The GAO investigation team communicated the urgency to DOJ in early February 1984 by demanding that DOJ turn over the official INSLAW PROMIS contract to GAO instead of following normal DOJ practice in a GAO investigation of first making a copy of the file for GAO. (Hamilton's Recollection)

The DOJ whistleblower, then employed in the Justice Management Division, had apparently warned William Shook, an investigator and lawyer on the staff of Senator Baucus as follows:

> "As soon as Meese is confirmed as Attorney General, Meese and Jensen plan to install the PROMIS software in every litigation office of DOJ, and award a massive sweetheart contract for that purpose to their friends."
> (Statement in February 1984 by Dr. Charles Wellford, then Director of Research of DOJ's Office of Legal Policy, to Hamilton based on Wellford's conversation with a friend of his at the General Accounting Office. The Wellford friend is believed to be Richard Groskin.)

.cor Baucus' staff and GAO apparently assumed that the were to be found at INSLAW because INSLAW had created , was then under contract with DOJ to install PROMIS in the argest U.S. Attorneys' Offices, and had been publicly praised its work with PROMIS by Meese in Meese's April 23, 1981 peech to the PROMIS Users Group.

The first step in the DOJ cover-up vis-a-vis the GAO investigation was to fail to turn over to the GAO investigators, as part of the official PROMIS contract file, any papers relating to the then pending DOJ threat to default terminate INSLAW's entire PROMIS contract because of delays in the portion of the contract relating to the installation of a different and more primitive kind of case management software on word processing machines in 70 small U.S. Attorneys' Offices. GAO only learned about this material fact after INSLAW directed its government contracts Counsel Kathy Little to make sure that the GAO investigators were aware of the pending default action. (Hamilton's Recollection)

The second step in the DOJ cover-up vis-a-vis the GAO investigation occurred on approximately February 13, 1984 when, according to Brewer, Jensen decided to terminate only the word processing part of INSLAW's contract and to base the termination on the "convenience of the government," rather than on a finding of default on the part of INSLAW. Brewer told Hamilton, at the time of the Jensen decision, that Jensen knew that DOJ was fully justified to do a default termination, and that Jensen chose a partial termination for convenience merely to be magnanimous. However, the February 8, 1984 legal opinion by DOJ Procurement Counsel William Snider to Videnieks makes it clear that DOJ could not have legally sustained even a partial default termination of the INSLAW contract.

Had Jensen not taken action to convert the threatened total contract termination for default into a partial contract termination for convenience, the GAO investigators might have reached the same conclusion that Snider reached and then begun to inquire further into the motivations of DOJ officials in seeking the wrongful termination of the INSLAW contract. Such an inquiry might have led GAO to the realization that Meese and Jensen were merely getting INSLAW out of the way in order to give the PROMIS case management software and services business to their friends, Earl Brian and Hadron, Inc.

III. The 1984 Investigation by Independent Counsel Jacob Stein Into Meese's Undisclosed Business Relationship With Earl Brian is Possibly Frustrated by The Stated Inability of Meese's White House Staff to Locate Telephone Log Notebooks For Two Periods During 1983; and Also Possibly By The Shredding of Meese Documents by Meese's Litigation Counsel, Dickstein, Shapiro and Morin.

nate Judiciary Committee, by letter of March 27, 1984
y General William French Smith, asked DOJ to seek the
nt of an Independent Counsel to investigate the
g six matters that arose in the course of Meese's
mation hearings:

1. Meese's failure to include in financial disclosure statements a $15,000 loan made by one Edwin Thomas to Mrs. Meese;

2. The connection between that and other loans to the Meese family and certain appointments to federal jobs;

3. Stock trading by Meese and members of his family;

4. Whether Meese obtained special treatment from government agencies for businesses in which he had a financial interest;

5. Meese's military reserve status and promotions; and

6. Meese's statements under oath about the alleged theft of Carter campaign materials.

On April 2, 1984, the U.S. Court of Appeals appointed Jacob Stein as Independent Counsel to investigate these allegations about Meese.

According to a chapter on the Stein investigation of Meese in a book by James Stewart entitled The Prosecutors, the Stein investigation viewed, as the most serious allegations against Meese, the failure of Meese to disclose on his White House annual financial disclosure forms for several years in a row the Meeses' equity investment in the initial public offering of Biotech Capital Corporation, a company founded and headed by Dr. Earl Brian, a long-time friend of Meese; and the fact that Mrs. Meese had obtained a loan from Edwin Thomas, a White House subordinate of Meese and close friend of Brian, which the Meeses used to buy the Biotech stock.

According to The Prosecutors, Stein sought in vain to find evidence that Meese had attempted to influence the United States Government to confer benefits on Brian or Biotech Capital Corporation. Stein apparently believed that a jury might otherwise decide that Meese's failures to disclose were the inadvertent oversights of a busy White House executive.

According to The Prosecutors, Meese was represented in the Stein investigation by E. Bob Wallach and by Leonard Garment of Dickstein, Shapiro and Morin; and Garment sent a cart full of Meese's White House documents to Stein by messenger even before Stein had had an opportunity to issue his subpoenas.

obtained in late 1988 copies of Meese's White House
urned over to Stein by Garment in 1984. Included is a
ntitled "Telephone Messages, 1/22/81 - 6/25/84."

e cover-up vis-a-vis the Stein investigation relates, in
co these redacted telephone logs from Meese's White House
e. There is a typewritten note at the bottom of the first
e of this "Telephone Messages" document that reads as follows:

> "Mr. Meese's staff has been unable to locate the staff's telephone message notebooks for the periods February 17 - April 22, 1983 and May 2 - October 12, 1983. Efforts to find such notebooks will continue. If such notebooks are located, we will provide you with any additional information subject to your request."

The first set of missing telephone logs roughly corresponds with DOJ's unsuccessful efforts to coerce INSLAW to surrender the proprietary version of the PROMIS software to DOJ without any restrictions on what DOJ could do with it; the execution of Modification #12 to the INSLAW contract recognizing INSLAW's proprietary rights to the privately-financed portions of PROMIS; and the unsuccessful effort by Hadron, Inc. to buy INSLAW about a week after Modification #12 was executed, for the stated reason of getting the PROMIS software so that Hadron could obtain the government's case management software business.

The second set of missing telephone logs roughly corresponds with the initiation by Jensen of a series of transparently fraudulent contract disputes with INSLAW that were designed to starve INSLAW of cash, and drive INSLAW into bankruptcy; and with Brian and Hadron's arrangements to raise the capital to buy the PROMIS software once INSLAW went into bankruptcy.

An additional possible aspect of the cover-up may be found in the reported "accidental shredding" of some unidentified Meese documents by Dickstein, Shapiro and Morin when the documents were under subpoena by Stein, and the reported failure of Dickstein, Shapiro and Morin even to disclose the "accidental shredding" to Independent Counsel Stein. INSLAW learned of this alleged incident in 1986 from Leigh Ratiner, then a partner at Dickstein, Shapiro and Morin, during that firm's representation of INSLAW in its litigation against DOJ. In January 1989, INSLAW's investigators obtained a signed statement from a former employee of Dickstein , Shapiro and Morin who admits that he participated in the shredding of about 40 boxes of Meese's documents. INSLAW's investigators also interviewed a second former Dickstein, Shapiro and Morin employee in January 1989 who corroborates the reported shredding of about 40 boxes of Meese's White House documents.

Confirmation Hearings by the Senate Judiciary Committee during the Summer of 1986, One Concerning Jensen's Nomination to a Federal Judgeship, and the Other Concerning Arnold Burns' Elevation to Deputy Attorney General, Are Deflected By Misleading Testimony.

A. Jensen's Confirmation as a U.S. District Court Judge In June 1986.

On June 11, 1986, two days after INSLAW filed its $30 million lawsuit against DOJ for the theft of the PROMIS software, the Senate Judiciary Committee conducted hearings on the confirmation of Jensen as a U.S. District Court Judge in San Francisco. Senator Paul Simon of Illinois briefly questioned Jensen about INSLAW during the hearings and later, by letter of June 18, 1986, sent Jensen detailed questions about the INSLAW matter.

Jensen's answers to these questions were conveyed to Senator Simon by letter, also dated June 18, 1986, from John R. Bolton, then Assistant Attorney General for the Office of Legislative and Intergovernmental Affairs.

Jensen's answers were misleading in a number of instances:

1. Jensen stated: "As the Assistant Attorney General for the Criminal Division, I may have participated in discussions and meetings in which the EOUSA's case management system was discussed." Jensen failed to disclose: (1) that he had contacted Stan Morris in 1981 to try to block the plans for the PROMIS contract; (2) that he attended every PROMIS Oversight Committee meeting that occurred while he was Assistant Attorney General for Criminal ; and, (3) that Jensen, according to LeGrand's confidential DOJ informant and other circumstantial evidence, engineered all of INSLAW's major contract disputes during the 90 day period between May and July 1983 when Jensen was both Assistant Attorney General for Criminal and Associate Attorney General-Designate.

2. In response to a question about whether his aide, Jay Stevens, had conducted an investigation into the INSLAW contract, Jensen misleadingly answered that Jensen had met with representatives of INSLAW and had been asked to entertain INSLAW's proposals for contracts between INSLAW and the Department. Jensen failed to mention that the primary two actions he was asked to take by INSLAW's representatives, Elliot Richardson and Donald Santarelli, were; (a) to have someone on his staff begin an urgent investigation into INSLAW's allegations that it was driven into bankruptcy through wrongful administration of its contract by C. Madison Brewer,

a fired INSLAW employee; and, (b) to appoint disinterested DOJ officials to attempt to negotiate a fair and equitable resolution of the contract disputes that had just propelled INSLAW into bankruptcy.

B. The Confirmation of Arnold Burns as Deputy Attorney General of the United States In July 1986.

On July 1, 1986, Senator Charles Mathias, Jr. of Maryland wrote to Arnold Burns to seek his views concerning the INSLAW case, since it "will be within your purview once you are confirmed as Deputy Attorney General." Senator Mathias asked that Burns respond to his questions prior to the next scheduled meeting of the Judiciary Committee on July 17, 1986. One of the specific questions asked of Burns was as follows: "Will you familiarize yourself with the facts of this case, take a new look at the possibility of an amicable settlement, and take every reasonable precaution to ensure that similar controversies are avoided?"

In his letter of reply to Senator Mathias on July 9, 1986, Burn stated: "I can assure you that if I am confirmed as Deputy Attorney General, I will: (1) familiarize myself with the facts of the INSLAW case, ..."

There is, however, some evidence that Burns was familiar with facts in the INSLAW case even before he joined DOJ as Associate Attorney General in early 1986.

According to a statement by Victor Abrunzo, former Assistant United States Trustee for the Southern District of New York, to Hamilton in November 1987, Burns recruited Ken Rosen for the job of lead bankruptcy counsel for AT&T Information Systems in the INSLAW case. Rosen was an associate in the Manhattan law firm of Burns, Summit, Rovins and Feldesman from the time he left the U.S. Trustee's Office for the Southern District of New York until, according to Abrunzo, late 1984 or early 1985, when he joined the Roseland, New Jersey law firm of Ravin, Sarasohn, Cook, Baumgarten and Fisch. Abrunzo confirmed in deposition testimony on January 5, 1988 (pp. 41-46) that he had led Hamilton to believe that Burns had recruited Rosen to be hired by AT&T Information Systems for the purpose of helping DOJ liquidate INSLAW as soon as it filed for bankruptcy protection. In his deposition, however, Abrunzo professed that he was just kidding when he so communicated with Hamilton in November 1987.

V. March 1987 Marks the First Public Exposure of the 1985 DOJ Conspiracy to Liquidate INSLAW: Also During that Month, Cornelius Blackshear and William Tyson Take Actions Apparently Designed to Obstruct Justice in the INSLAW Case.

On March 25, 1987, Cornelius Blackshear, U.S. Bankruptcy Court Judge for the Southern District of New York, gave

...on testimony about a conspiracy by DOJ officials in 1987 ...e INSLAW's liquidation.

...Blackshear testified that, when he was U.S. Trustee for the ...outhern District of New York in 1985, Thomas Stanton, Director of DOJ's Executive Office for U.S. Trustees, had applied pressure on U.S. Trustee officials to liquidate INSLAW. According to Blackshear, Stanton had attempted to have Harry Jones, then Blackshear's First Assistant, detailed temporarily to Washington, D.C. to take over the INSLAW bankruptcy case in order to move in Court for INSLAW's liquidation. (FF # 351d)

INSLAW had first learned about Blackshear's involvement in the INSLAW case on March 17, 1987 from Anthony Pascuito, then Deputy to Stanton, who confidentially disclosed the information to the Hamiltons at a secret breakfast meeting at the Mayflower Hotel in Washington, D.C.

A. Judge Blackshear Recants Material Portions of His Sworn Testimony.

On March 26, 1987, Blackshear prepared and signed a sworn affidavit recanting material portions of his sworn deposition testimony of the day before. In his recantation, Blackshear said that he had confused DOJ pressures to liquidate INSLAW with Internal Revenue Service pressures, during the same year of 1985, to liquidate United Press International. (Blackshear Deposition of March 26, 1987)

Blackshear did not recant his testimony that Stanton had applied pressure to have Jones detailed to Washington to work on the INSLAW bankruptcy case. Furthermore, prior to Blackshear's initial deposition by INSLAW when Blackshear was contacted by New York State Civil Court Judge Jane Solomon, an INSLAW intermediary, on March 18, 1987, Blackshear not only described Stanton's pressures related to the planned liquidation of INSLAW but also volunteered his understanding of the motivation: "I heard it was a conspiracy to get the INSLAW software." United Press International does not manufacture software.

In July 1987, at a social gathering at the Long Island home of Harry Jones, Blackshear told Pascuito that Pascuito had told the truth; and that the reason that Blackshear had recanted was that fewer people would get hurt. (Maggie Mahar's Interview with Pascuito published in Barron's Financial Weekly on April 4, 1988, p. 6)

B. William Tyson Denies Under Oath Telling Hamilton in May 1983 About a Presidential Appointee Biased Against INSLAW; Apprises Jensen and Burn of His Testimony and His Planned Future Testimony.

In his March 25, 1987 deposition by INSLAW, William Tyson denied unequivocally having warned Hamilton in the course of a May 2, 1983 one-on-one meeting about Brewer, that Brewer was not INSLAW's only problem and that there was, in fact, a Presidential appointee in the current Administration trying to ruin the INSLAW PROMIS contract.

On March 29, 1987, Tyson sent a handwritten letter to Jensen, with a copy to Arnold Burns, admitting that the one-on-one meeting with Hamilton had taken place during which Hamilton complained about Brewer's biased administration of the contract, but denying that he had made any statement to Hamilton about a Presidential appointee. Tyson added that he had denied under oath having made such a comment to Hamilton and would continue to deny under oath that he had made any such statement: "I have denied under oath in a deposition this week having made the comments he claims I made and I will continue to make such denials in any future proceedings."

In his second deposition by INSLAW on June 25, 1987, Tyson admitted that he may have told McWhorter about a Presidential appointee biased against INSLAW, as McWhorter had testified in a deposition. Tyson then modified his testimony about the meeting with Hamilton, from the earlier unequivocal denial of a warning about a Presidential appointee, to stating merely: "I do not remember making any such statement to him." Tyson also stated that if he had in fact made such a statement to Hamilton, he would not have been referring to Jensen, but instead probably would have been referring to John Smietanka, the U.S. Attorney in the Western District of Michigan.

VI. In March 1987, INSLAW Discloses in Court Its Knowledge of a DOJ Conspiracy in 1985 to Force its Liquidation; Soon Thereafter DOJ's Office of Professional Responsibility (OPR) Investigates and Recommends the Firing of Two DOJ Officials Who Had Secretly Given Information to INSLAW.

In March 1987, INSLAW disclosed in U.S. Bankruptcy Court its knowledge, based in part on the sworn testimony of Cornelius Blackshear, a federal bankruptcy judge in New York, of a DOJ conspiracy in 1985 to force INSLAW's liquidation.

A. Francis X. Mallgrave, Jr., Assistant Director of the Executive Office for U.S. Attorneys

In May 1987, Francis X. Mallgrave, Jr., then an Assistant Director of EOUSA, learned from Richard DeHahn, his immediate superior in EOUSA, that he was under investigation by OPR. Mallgrave was unable, however, to find out what the charges were.

asked that Mallgrave collect for transmittal to OPR his and expense reports for a period between September 1984 June 1985 when Mallgrave was on temporary assignment in New rk City.

One year earlier in May 1986, Mallgrave had made inquiries within DOJ to try to find out whether Brewer had received a bonus award from DOJ during the three years of INSLAW's PROMIS contract. Mallgrave had made the inquiries as a favor to Hamilton, who wanted to know whether Jensen approved such a bonus in order to reward Brewer for what Hamilton viewed as malicious administration of the INSLAW contract. Although Mallgrave was unable to find evidence that Brewer had received a bonus, he did express to Hamilton surprise at the "Watergate-type" mentality he thought he perceived on the part of the DOJ personnel official to whom he had directed his inquiries.

In November 1987, OPR recommended to McWhorter of the EOUSA that DOJ fire Mallgrave for three alleged violations of DOJ regulations on travel and expense matters.

Mallgrave was then recovering from the shock of the accidental death of his daughter and was unable to focus clearly on the reconstruction of the three time and expense irregularities cited by OPR as justification for the recommended firing.

Ultimately, DOJ allowed Mallgrave to resign without any prejudicial material in his personnel record, instead of being fired.

Subsequent to leaving DOJ, Mallgrave has been able to reconstruct fully the events that underlay the three so-called irregularities, and to find corroborative evidence in support of his reconstruction of events from a Senior Assistant U.S. Attorney in one instance, and from a contemporaneous memorandum to his superior in another instance.

According to Mallgrave, he is now confident that there were no irregularities for which he had any culpability.

Mallgrave now believes that OPR undertook a "fishing expedition" in May 1987 to find a way for the EOUSA to justify the firing of Mallgrave because the EOUSA was fearful that Mallgrave might be in a position to disclose to INSLAW facts about the DOJ wrongdoing against INSLAW.

B. Anthony Pascuito, Deputy Director of the Executive Office for U.S. Trustees.

In June 1987, INSLAW disclosed in the course of a hearing in U.S. Bankruptcy Court, that Anthony Pascuito, then Deputy Director of the Executive Office for the U.S. Trustees, had met with the Hamiltons on March 17, 1987 and disclosed to them the

pressure applied by Thomas Stanton, his immediate
, on U.S. Trustees during 1985 to attempt to force
's liquidation.

OPR began an investigation of Pascuito in July 1987 at the request of Associate Deputy Attorney General Randy Levine for alleged misconduct in connection with his March 17, 1987 meeting with and disclosures to the Hamiltons.

On December 18, 1987, OPR, in a memorandum to Deputy Attorney General Burns, recommended that DOJ fire Pascuito.

The OPR report was highly critical of Judge Bason's findings that DOJ officials, including particularly Thomas Stanton, attempted during 1985 to force INSLAW's liquidation "through unlawful means and without justification."

OPR's harsh words about Judge Bason's ruling included the following:

> "... we conclude that the bankruptcy court's remarks were unsubstantiated and unfair, although the blame for this injudicious result appears to rest squarely on the court's shoulders,..."
>
> "... we have found no evidence that this conclusion was at all correct."
>
> "...the court's unjust pilloring of him (Thomas Stanton) has caused..."

On March 17, 1988, Gary Simpson, Pascuito's attorney, sent a letter to Burns in which he summarized the evidence that Stanton had, in fact, pressured the U.S. Trustees to try to force INSLAW's liquidation in 1985. Simpson enclosed copies of contemporaneous notes of conversations of various INSLAW attorneys with Blackshear and with a judicial colleague of Blackshear in support of the allegations against Stanton; copies of DOJ documents that directly or indirectly support the allegations; and, a summary of a conversation between Pascuito and Blackshear, subsequent to the start of the OPR investigation, in which Blackshear acknowledged the truthfulness of Pascuito's allegations against Stanton.

At no point during the OPR investigation of Pascuito did OPR attempt to contact the Hamiltons about the meeting with Pascuito that gave rise to OPR's recommendations for Pascuito's firing.

Pascuito was permitted to resign from DOJ in the spring of 1988, without having any adverse material placed into his personnel record, instead of being fired.

Bases its Recommendation That Pascuito be Fired on *Allegation* That Judge Bason Had Not Been Justified *Reaching* the Conclusion That Stanton Had Tried to *Force* INSLAW's Liquidation, But The Record Contradicts *OPR's* Assertions:

1. William White, Charles Miller, Thomas Stanton and Cornelius Blackshear each testified that Stanton attempted to have Harry Jones detailed to Washington to take over the management of the INSLAW bankruptcy case. (Trial Testimony of White, pp 661-677, 677-688; Trial Testimony of Miller, pp 744-746; Trial Testimony of Stanton, pp 776-779, 799-801; Deposition Testimony of Blackshear on March 25, 1987, pp 8-16)

2. Blackshear initially testified that the purpose of the planned Jones detail was to liquidate INSLAW. (Blackshear's March 25, 1987 Testimony, pp 8-9)

3. White and Blackshear testified that they had collaborated in drafting new language for a pending Confidentiality Order to the INSLAW case to keep Harry Jones from obtaining access to sensitive INSLAW data. (Blackshear's May 22, 1987 Deposition Testimony, pp 62-66); White's Trial Testimony, pp 693-694)

4. Judge Bason made a statement on the record that he had added language to the Confidentiality Order proposed to him by White. (White's Trial Testimony, p 694, and pp 1031-1032)

5. Videnieks contemporaneous handwritten note of February 1985 reads in part: "Brick [Brewer] talked to Stanton: 'No Way 11, will be 7.' " (Bates #023072-023073)

6. The contemporaneous handwritten note of INSLAW software engineer Greg McKain of a February 1985 telephone call from Jack Rugh seeking to recruit McKain for contract work with EOUSA as soon as INSLAW is liquidated; with Rugh stating that the EOUSA had learned from the "trustees" that INSLAW would be liquidated in 30-60 days. (Bates #114559)

7. White's testimony at trial and his undated handwritten notes about a conflict of interest and the U.S. Trustees liquidating INSLAW. (Trial Transcript, pp-695-727, and Exhibit #11)

8. The contemporaneous handwritten notes of Nancy Hamilton taken at the March 17, 1987 breakfast meeting with Pascuito (Government Exhibits 2 and 4)

of the OPR's INSLAW-Related Investigations are Conducted by the Same Two OPR Attorneys: Robert Lyon and David Bobzien.

1. Lyon and Bobzien conducted the investigations of McWhorter and Pascuito.

2. Lyon and Bobzien investigated and cleared Jay Stephens of any wrongdoing in the INSLAW case, in response to a complaint to the Senate Judiciary Committee by Hamilton about Stephen's fitness to be a U.S. Attorney.

VII. Judge Bason Makes Findings About a Lack of Truthfulness On The Part of Numerous DOJ Witnesses During the Two 1987 Trials.

A. On Friday, June 12, 1987, Bason Assesses the Credibility of the DOJ Witnesses in the Following Way. (See Ruling of the Court on the Motion by the Debtor for Court Assistance to Obtain Independent Handling of the Case, June 12, 1987)

1. Mr. Thomas Stanton, Director of the Executive Office of U.S. Trustees.

"I found Mr. Stanton's testimony in crucial respects to be evasive and unbelievable. ... And so the Court simply finds that testimony to be utterly incredible and not worthy of belief." (pp 1011-12)

2. Mr. Jack Rugh, Executive Office of U.S. Attorneys.

"Now, I find also Mr. Rugh's testimony to be suspect. And that's even though Mr. Rugh's facial expression and demeanor certainly was that of a man who retained great composure. I guess I have to say that Mr. Rugh was perhaps the Elliott Abrams of this Bankruptcy Court because, although he managed to maintain his composure throughout, his testimony is simply on its face not believable. ... So this Court does find Mr. Rugh's testimony, like Mr. Stanton's testimony, inherently incredible and not worthy of belief ..." (pp. 1014-15)

3. Mr. William White, former United States Trustee, Alexandria, Virginia.

"I find ... that Mr. White's testimony, both on deposition and on the witness stand, is so contrary to other credible evidence, including his own contemporaneous handwritten notes, that it is simply impossible for this Court to believe a number of the

findings that Mr. White has testified to." (pp. 1016-17)

A. Mr. Cornelius Blackshear, Federal Bankruptcy Judge for the Southern District of New York.

"I believe that Judge Blackshear's original testimony is accurate and his recanted testimony is inaccurate." (p. 1024)

B. On September 28, 1987, Bason assesses the credibility of the DOJ's witnesses called during the adversarial proceeding in the following manner. (FF #398).

1. Mr. Laurence McWhorter, Deputy Director, Executive Office of U.S. Attorneys, U.S. Department of Justice.

   "The testimony of Laurence McWhorter was totally unbelievable for a number of reasons." (FF #398f)

2. Mr. Jack Rugh, Executive Office of U.S. Attorneys, U.S. Department of Justice.

   "The testimony of Jack Rugh also was not believable. Rugh was a biased witness whose testimony was tainted by the negative effect Mr. Brewer and his lack of impartiality had upon Mr. Rugh. Mr. Rugh also was biased in view of his ambitions to carry on the PROMIS project in-house. ... Finally, Rugh suffered from the collective amnesia that many of DOJ's witnesses were suffering from and this is further evidence of his unreliability." (FF #398h)

3. Mr. William Tyson, Director, Executive Office of U.S. Attorneys, U.S. Department of Justice.

   "The testimony of William Tyson was not believable. His testimony that Brewer's attitude toward INSLAW was positive, constructive and favorable is so ludicrous in light of the evidence taken as a whole that it was difficult for this Court to believe any of Mr. Tyson's testimony. Tyson displayed an extraordinarily blase attitude toward serious allegations of personal bias by Brewer toward Hamilton and INSLAW and did little, if anything, to discharge his responsibilities as Brewer's superior to investigate these allegations." (FF #398i)

4. C. Madison Brewer, Executive Office of U.S. Attorneys, U.S. Department of Justice.

"The testimony of C. Madison Brewer was most unreliable, and entirely colored by his intense bias and prejudice against Hamilton and INSLAW." (FF 398j)

5. Peter Videnieks, Contracting Officer, Justice Management Division, U.S. Department of Justice.

"The testimony of Peter Videnieks was substantially unreliable. ... It is obvious that Videnieks acted at the bidding of Brewer and that his attitude toward INSLAW was directly the consequence of Brewer's influence on him." (FF #3981)

6. Janis Sposato, General Counsel, Justice Management Division, U.S. Department of Justice.

"The testimony of Janis Sposato is to be viewed with considerable skepticism. Given Sposato's position as a DOJ ethics officer, her casual treatment of repeated serious allegations of outrageous misconduct by Brewer can only be described, even charitably, as willfull blindness to the obvious." (FF #398p)

VIII. On August 6, 1987, the day after the conclusion of the Trial in INSLAW Versus DOJ, the Internal Revenue Service Takes Action to Prepare For an Attempted Liquidation of INSLAW.

On August 6, 1987, the day after the last day of trial in the adversary proceeding against DOJ, Gerald D. Rose, an Internal Revenue Service Revenue Officer, visited the offices of INSLAW's bankruptcy counsel, Docter, Docter and Salus to request a copy of INSLAW's Quarterly Federal Tax Return (Form 941) for the first quarter of 1987.

By letter dated August 12, 1987, INSLAW Counsel Charles A. Docter forwarded the Employer's Quarterly Federal Tax Return and apprised Rose that there was a high likelihood that INSLAW, within the next 30 days, would be in a position to make a substantial voluntary payment on the trust fund portion of the obligation.

On September 9, 1987, INSLAW paid the trust fund portion of the tax liability for the First Quarter of 1987 by letter to the Special Procedures Unit of the Internal Revenue Service in Baltimore, Maryland.

On September 9, 1987, the DOJ's Tax Division filed, on behalf of the Internal Revenue Service, a motion in U.S. Bankruptcy Court to convert or dismiss the INSLAW case.

...ing to INSLAW bankruptcy counsel Charles Docter, DOJ ...from its usual procedure in such matters by its failure ...initially a Request for Payment with the U.S. Bankruptcy

...On November 19, 1987, DOJ Tax Division counsel Robert ...Carter and S. Martin Teel argued the motion in U.S. Bankruptcy ...court for the liquidation of INSLAW. Judge Bason denied the ...motion that day.

As noted in Section D. IX., S. Martin Teel was selected the following month to replace Judge Bason as the sole federal bankruptcy judge in the District of Columbia.

IX. U.S. Bankruptcy Court Judge George F. Bason, Jr. is Denied Reappointment by the U.S. Court of Appeals in December 1987.

In the Fall of 1987, U.S. District Court Judge Norma Holloway Johnson headed a Merit Selection Panel to interview and screen candidates for the position of U.S. Bankruptcy Court Judge for the District of Columbia, the position then held by Judge Bason.

Judge Johnson's panel included Jerome A. Barrow, then Dean of the George Washington University Law School; Wesley Williams of Covington and Burling: and Thomas C. Papson of McKenna, Conner and Cuneo.

Judge Bason appeared before the Panel for two 15-minute interviews in October and November 1987. (Complaint of George Francis Bason, Jr., Plaintiff against the Judicial Council of the District of Columbia Circuit for Declaratory and Injunctive Relief and For Relief in the Notice of Mandamus dated January 1988, p. 5)

The Panel submitted its written report to the Judicial Council on December 15, 1987 but, by a split vote, failed to name Judge Bason as the single best qualified applicant. (Complaint, IBID, p. 6)

On December 15, 1987, the Judicial Council, after meeting no more than one and one-half hours, by a split vote, recommended S. Martin Teel as the successor to Judge Bason. (Complaint, IBID, pp. 6, 2)

Sometime between December 18, 1987 and December 28, 1987, the U.S. Court of Appeals, by a split vote, selected S. Martin Teel to replace Judge Bason effective February 8, 1988 (Compalint, IBID, pp. 8, 2).

On December 28, 1987, Chief Judge Patricia Wald of the U.S. Court of Appeals informed Judge Bason that the U.S. Court of Appeals had decided not to reappoint him; that the sole reason that she was aware of was a perception by some of the Appeals

that Judge Bason lacked supervisory administrative vis-a-vis the Bankruptcy Clerk's office; and that no one of knowledge, questioned Judge Bason's (1) integrity and character; (2) conscientious commitment to rendering just legally correct decisions; (3) outstanding legal ability and science as reflected in published opinions and in scholarly cles, and books; and (4) judicial temperament. (Complaint, pp 8, 9).

The December 18, 1987 report of DOJ's Office of Professional Responsibility (OPR) on Anthony Pascuito revealed that DOJ had reached quite negative conclusions about Judge Bason's fitness to be a federal bankruptcy judge as a result of Judge Bason's rulings in the INSLAW case, particularly his rulings about Thomas Stanton's key role in a 1985 DOJ conspiracy to force INSLAW's liquidation. "we conclude that the bankruptcy court's remarks were unsubstantiated and unfair, although the blame for this injudicious result appears to rest squarely on the court's shoulders..."

Judge Norma Johnson is reportedly a close social friend of Stewart Shiffer, Deputy Assistant Attorney General of DOJ's Civil Division, and the senior DOJ career official with supervisory authority over the DOJ attorneys in the INSLAW bankruptcy case. Both Judge Johnson and Shiffer started their legal careers together in DOJ's Civil Division and, in fact, reportedly shared an office together in the early years.

Mr. Shiffer had himself displayed to Judge Bason an emotional "circle the wagons" mentality about the INSLAW case in the course of an in-chambers on-the-record conference with Judge Bason and INSLAW in July 1987, following Judge Bason's ruling on the DOJ conspiracy to force INSLAW's liquidation in 1987. Judge Bason commented on Mr. Shiffer's "circle the wagons" mentality in his September 28, 1987 oral ruling following the trial about DOJ's theft of INSLAW's software.

Judge Bason's September 28, 1987 oral ruling including the following reference to Mr. Shiffer:

> "...Now, it is obvious to this Court from personal observation, I believe the gentleman's name was Stewart Shifter [sic], is that correct, he was a high Justice Department official that at one point we had an in-chambers, although on the record, discussion with, in an effort to resolve the dispute through Court-assisted negotiation and it was obvious to me, simply from observing his demeanor and attitude, that the entire Department of Justice was in a completely defensive attitude. He was simply not willing to recognize what in my view is obvious to any outside observer." (Trial Transcript, p 15)

the Fall of 1987, former U.S. Bankruptcy Court Judge by then a partner at Verner, Liipfert, Bernhard, and Hand, was working behind the scenes in an effort to Bason's chances of reappointment, according to INSLAW counsel Charles Docter, who is a former law partner of

Again according to Docter, AT&T Information Systems, through then lead INSLAW bankruptcy counsel Harry Dixon, of Omaha, Nebraska, contacted Whalen in approximately July 1987 about possibly representing AT&T as Washington bankruptcy co-counsel in the INSLAW case. At some unknown point in 1987, Whalen began working for AT&T Information Systems as co-counsel in the INSLAW bankruptcy case.

Simultaneous with his service on Judge Johnson's Merit Selection Panel, Thomas C. Papson was serving as counsel to AT&T on bid protests before the General Services Administration relating to contracts that were to lead to the $25 billion FTS-2000 procurement. AT&T subsequently won 60% of the $25 billion FTS-2000 procurement.

During the trial before Judge Bason in May and June 1987 relating to the 1985 DOJ conspiracy to force INSLAW's liquidation, Maureen O'Connor was overheard stating to Thomas Stanton the need to get a new judge to replace Judge Bason. (Recollection of Molly Hamilton)

In December 1987, S. Martin Teel, appointed to replace Judge Bason, was one of a small number of DOJ officials who attended Thomas Stanton's Christmas party in Stanton's office. (Recollection of Anthony Pascuito)

X. By Memoranda in February 1988, the Hamiltons Apprise the Public Integrity Section of DOJ's Criminal Division of Their Hypothesis Regarding the Meese-Jensen Plan; Two Weeks Later, Meese Makes a Surprise Appointment of Jay B. Stephens as United States Attorney for the District of Columbia.

In memoranda dated February 12 and 16, 1988, William and Nancy Hamilton apprised the Public Integrity Section of DOJ's Criminal Division of their hypothesis about the Meese-Jensen plan, and conveyed with the memoranda 215 pages of Judge Bason's Findings of Fact in the INSLAW case.

The Hamiltons had their two memoranda delivered by hand to Marshall Jarrett, Deputy Chief of the Public Integrity Section and the DOJ official responsible for screening requests for the appointment of Independent Counsel.

On Monday, February 29, 1988, following a flurry of activity over the weekend, Meese made the surprise appointment of Jay B. Stephens as the new U.S. Attorney for the District of Columbia.

had previously disavowed any interest in the
and Arnold Burns, who was screening applicants for the
about to make the final selection when Meese told Burns
Stephens had already been selected.

During the preceeding weekend, Jensen had reportedly telephoned Meese to urge the appointment of Stephens.

In approximately May 1988, Stephens announced the appointment of Marshall Jarrett to head the Criminal Division in the U.S. Attorney's Office for the District of Columbia.

By letter to Senator Joseph Biden dated September 14, 1988, Hamilton raised questions about the appropriateness of confirming Stephens as U.S. Attorney until questions about his role in the DOJ misconduct against INSLAW were resolved.

By October 1988, Robert Lyons and David Bobzioen of DOJ's OPR had cleared Stephens of any wrongdoing in the INSLAW case, according to LeGrand.

XI. On May 4, 1988, the Criminal Division Notifies INSLAW'S Litigation Counsel That the Appointment of an Independent Counsel in the INSLAW Case is Not Warranted.

On February 12 and 16, 1988, William and Nancy Hamilton, by hand-delivered letters to H. Marshall Jarrett, Deputy Chief of the Public Integrity Section of DOJ's Criminal Division, forwarded memoranda on INSLAW's hypothesis about why DOJ officials stole INSLAW's PROMIS software and attempted to run INSLAW out of business, and cover up the crime. The first letter also enclosed 215 pages of Judge Bason's findings about the DOJ actions.

On February 26, 1988, INSLAW's litigation counsel Charles R. Work and Philip Kellogg met with Susan Kuzma of the Public Integrity Section, the prosecutor in charge of the INSLAW investigation, to discuss the case.

By letter dated April 21, 1988, INSLAW litigation counsel Charles R. Work asked Gerald McDowell, Chief of the Public Integrity Section of DOJ's Criminal Division about the results of the February 12 and 16, 1988 referral by the Hamiltons.

On May 4, 1988, John C. Keeney, Acting Assistant Attorney General for the Criminal Division, notified Charles R. Work by letter that the Criminal Division had completed its review of allegations that the Hamiltons and their litigation counsel had presented to the Public Integrity Section and had concluded that "the appointment of an Independent Counsel is not warranted." According to LeGrand's confidential DOJ informant, Keeney is one of several current and former senior Criminal Division officials who has personal knowledge of the DOJ misconduct against INSLAW and who is upset about it.

of the broadcast on the afternoon of May 6, 1988, the national CBS Evening News with Dan Rather broadcast the first of a two part series on the INSLAW matter and Keeney letters, DOJ's Public Information Office contacted other news organizations to state that the Criminal division had cleared Meese of any wrongdoing in the INSLAW case, and that Meese's involvement in the INSLAW case was "so small as to be laughable."

On May 9, 1988, Kevin Reynolds, then an aide to Senator Christopher Dodd of Connecticut, spoke to Susan Kuzma in the Public Integrity Section about obtaining a copy of the report clearing Meese. Kuzma, who was the prosecutor in charge of the INSLAW investigation, told Reynolds that she did not know of any such report and was unaware of a DOJ press release stating that Meese had been cleared.

Within the several months following the May 1988 events, Marshall Jarrett left the Public Integrity Section to work for the U.S. Attorney's Office for the District of Columbia under Jay B. Stephens; Susan Kuzma left the Public Integrity Section to teach law in Louisville, Kentucky.

XII. The Senate Permanent Investigations Subcommittee Conducts an Investigation of DOJ's Handling of the INSLAW Matter During the Spring and Summer of 1988; on His Second Last Day as Attorney General, Meese Attempts to Block the Testimony of DOJ Officials.

In December 1987, the Subcommittee began an inquiry regarding actions allegedly taken by DOJ with respect to INSLAW including serious questions of impropriety regarding:

- o DOJ's procurement and contracting practices;
- o DOJ's administration of the bankruptcy trustee program; and
- o DOJ's willingness to detect and prevent situations of real or apparent conflict of interest.

On April 26, 1988 Chairman Sam Nunn wrote Attorney General Meese formally requesting the cooperation of DOJ in the investigation, including asking Meese to make available DOJ officials and employees with knowledge of DOJ's dealings with INSLAW. Senator Nunn's letter also asked for information about DOJ's contractual relationships with Hadron, Inc., Infotechnology, Inc., Biotech Capital Corporation; Project Eagle; the $40 million contract in October 1987 from DOJ's Land and Natural Resources Division

Office of Ecumenics subsidiary; and on any investigations
Office of Professional Responsibility into Brewer,
Inc. Fiscouito or any other DOJ official with respect to

During May, June and July 1988, the Subcommittee staff negotiated with DOJ officials, including John Bolton, Assistant Attorney General for the Civil Division regarding the Subcommittee's plans to interview and/or depose certain DOJ officials. DOJ officials:

- Initially sought to delay interviews pending resolution of the litigation between DOJ and INSLAW;

- Demanded that a member of DOJ's litigation team on the INSLAW case be present during each interview;

- Demanded that the interviews be postponed until the DOJ litigation team finished its production of DOJ's appeal in the INSLAW case;

- Raised the possibility of allowing the DOJ officials to be accompanied by DOJ lawyers who were not part of the INSLAW litigation team;

- Again reverted to the demand that the DOJ lawyers be from the DOJ litigation team on the INSLAW case;

- Agreed under protest to the Subcommittee's demand that a member of INSLAW's litigation team also be allowed to attend the depositions; and

- Advised the Subcommittee that the DOJ witnesses would appear voluntarily and without need for subpoenas.

In early August, DOJ informed the Subcommittee that Thomas Stanton, Director of the Executive Office for U.S. Trustees, had refused to appear before the Subcommittee voluntarily.

On August 5, 1988, the Subcommittee subpoenaed Stanton to testify on August 11, 1988.

On August 9, 1988, the Subcommittee began the process of deposing DOJ employees.

On August 10, 1988, DOJ demanded daily transcripts of the depositions and threatened to withhold its witnesses from further depositions unless such transcripts were mad

DOJ subsequently agreed to continue the
after making an objection on the record.

August 11, 1988, Meese's second last day as Attorney
DOJ notified the Subcommittee that Meese had that
ordered Stanton and Honeycutt not to testify unless
Subcommittee agree to DOJ's demands that INSLAW's
litigation counsel be excluded from attending the
depositions and unless the DOJ witnesses received a copy of
the transcript of their depositions.

On the afternoon of August 11, 1988, Chairman Sam Nunn and Senators Roth, Levin, Rudman and Cohen conducted a public hearing on the DOJ refusal to allow its employees to testify. Chairman Nunn threatened to find the witnesses in contempt if Richard Thronburgh, the incoming Attorney General, did not reverse the Meese August 11, 1988 order.

Attorney General Thornburgh subsequently authorized DOJ employees to testify before the Subcommittee.

APPENDIX A:

THE JENSEN EFFORT IN 1974 TO SPONSOR THE ADOPTION OF A UNIFORM CASE MANAGEMENT SYSTEM IN ALL 58 COUNTY DISTRICT ATTORNEYS' OFFICES IN CALIFORNIA.

On March 13, 1973, the Alameda County District Attorney's Office, then headed by D. Lowell Jensen, contracted with Peat, Marwick, Mitchell and Co. (PMM and Co.) to develop and implement an automated felony case management information system known as DALITE.

On August 28, 1974, Governor Ronald Reagan witnessed in Sacremento, California the execution of Articles of Incorporation for the California District Attorney's Association by 13 local district attorneys. The 13 incorporators included D. Lowell Jensen, Alameda County District Attorney, and Joesph P. Busch, Los Angeles County District Attorney. Edith Belflower, a Notary Public in the Government's Office, attested to the incorporators' signatures.

By letter dated September 30, 1974, PMM and Co. notified Jensen that the development of DALITE was complete: "We have completed our joint efforts for the development and implementation of a model system of criminal case management for the Alameda County District Attorney's Office."

Richard F. Humphrey, a deputy district attorney, served as full-time Project Director. The project was funded by Grant Number 1340E, awarded by the California State Agency that administered the block grants for the U.S. Law Enforcement Assistance Administration (LEAA).

In November 1974, Joseph Busch, Los Angeles County District Attorney, notified William Hamilton, President of the Institute for Law and Social Research (INSLAW) by letter that the Los Angeles County District Attorney's Office had selected PROMIS as its case management software.

Also in November 1974, the California Secretary of State's Office, under Secretary of State Jerry Brown, formally acknowledged the incorporation by affixing Case Number 725795 and the date of November 8, 1974.

As some point in 1974, at a meeting in Palm Springs, California of the Board of Directors of the California District Attorneys Association, Jensen proposed that the newly incorporated Association sponsor the adoption of a uniform case management system in all 58 county district attorneys' offices, patterned after the DALITE case management system, in order to improve coordination in local law enforcement, and in order to produce as byproduct empirical evidence to support legislative reform in criminal justice. Jensen recommended that each local district attorney's office finance the annual case management service from its local county tax levies, and that the commercial vendor supplying the uniform case management software service pay annual royalties to the Association for sponsoring the 58-county service. Jensen also proposed that the royalties could give the Association a predictable and unrestricted stream of income, freeing the Association from dependency on the vagaries of county and state legislators who could not always be counted upon in the

against crime. Jensen further proposed that the foundation use the royalties to finance empirical studies of crime and criminal justice and to hire lobbyists to push through the Sacramento legislature new empirically-based legislative reforms. (Hamilton's recollection of a 1974 conversation with Bill Farr, then Executive Assistant to Joseph Busch, Los Angeles County District Attorney).

The commercial vendor that Jensen proposed for the 58-county case management service was Mead Data Central in Dayton, Ohio, the company that provides the LEXIS automated legal research service to lawyers. (Statement by Robert Martin, Deputy District Attorney in Los Angeles County, to William Hamilton in 1988; confirmed by a statement to Francis Mussellman of Milbank, Tweed, Hadley and McCloy in 1988 from Jerry Rubin, who had been President of Mead Data Central in 1974).

Mead Data Central had by 1974 created a precedent for paying royalties to organizations that sponsor the creation of a new automated data base service. The Lawyers Center for Automated Information Retrieval, N-CARE, received royalties from Mead Data Central for the role played by a group of large New York City law firms in sponsoring the creation of a federal legal data base service. (Francis Mussellman's statement to William Hamilton in 1988).

In 1974, Larry Donoghue, a Deputy District Attorney in Los Angeles and the Case Management Project Manager for Joseph Busch, visited Jensen in Alameda County to review DALITE. Donoghue said Jensen took him aside and told him how important it was to Jensen that Los Angeles select DALITE as the case management system and further stated to Donoghue that it would not be good for Donoghue's future legal career in California if Donoghue failed to recommend DALITE to Busch. (Donoghue's statement to Hamilton in 1988).

Bill Farr advised Joseph Busch not to touch the Jensen proposal "with a 10 foot pole" because the County Board of Supervisors would be furious if they discovered this "too clever" approach for Busch and his counterparts in the other 57 counties to be able to tap into their local tax levies for funds without going through the customary scrutiny of an annual budget review by the county boards of supervisors. (Bill Farr's statement to Hamilton in 1974).

Joseph Busch told Donoghue that he was under intense pressure from his peers in California District Attorneys' Offices to adopt DALITE rather than PROMIS. (Donoghue's statement to Hamilton in 1988.)



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